

AN ALERT FROM THE BDO GOVERNMENT CONTRACTING PRACTICE

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HOW TO MAKE YOUR EARNED VALUE MANAGEMENT PROCESSES MORE EFFECTIVE WITH DATA DRIVEN METRICS

By Dave Scott

The Defense Contract Management Agency (DCMA) and Department of Energy (DOE) government contractor Earned Value Management System (EVMS) surveillance process has transitioned from regularly scheduled on-site surveillance to an automated data-driven surveillance process, utilizing a set of defined test metrics.

These metrics are designed to identify potential issues related to compliance with the ANSI/EIA 748 EVMS standard guidelines (EIA-748) and indicate overall EVMS health. While the DCMA and DOE have embarked on different projects to design, test and roll out their own metrics, the overall goal remains the same: automated, consistent surveillance that enables continuous contractor EVMS improvement.

The specifics of each [DCMA test metric](#) and [DOE test protocol](#) can be found on their respective websites. Generally, each metric is linked to a guideline which defines the test and threshold, as well as the required data elements and instructions. These metrics vary in design, as some are automated and objective, while others are intended to be manual and subjective.

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This shift to automated surveillance presents challenges to contractors who are subject to the requirement. For example, many organizations do not have a central database of project information and still rely on tools like Microsoft Word and Excel. Disparate scheduling and EVM systems, as well as informal processes, increase the manual effort that goes into reviewing, validating and correcting data issues. In addition, organizations may not have the qualified resources readily available to address the new data requirements or assess any potential issues before the data is submitted to the DCMA or DOE.

While there are challenges, automated surveillance also provides the opportunity to do surveillance by exception. With this in mind, BDO encourages contractors to focus on:

- ▶ Metrics associated with top EIA 748 EVMS standard guideline deficiencies
- ▶ "At-a-glance" assessments of metric health
- ▶ Metrics that have been red for several periods
- ▶ Metrics that are trending negatively

In order to fully enable automation, BDO suggests a three-step approach to surveillance: assessment, data and process design, and implementation and training.

1. Assessment: Review current schedule and cost management capabilities

Meet BDO's New National Government Contracting Practice Co-Leaders

BDO recently appointed **Ed Amorosso**, office managing partner in its Norfolk office, and **Aaron Raddock**, managing director in its Greater Washington, D.C. office, as national Government Contracting practice co-leaders.

In their new roles, Amorosso and Raddock will be working together to expand the Government Contracting practice—recently named by Deltek as the 2018 Global Consulting Partner of the Year—which provides tax, assurance, transaction advisory and consulting services to over 400 clients ranging from emerging businesses to Fortune 100 companies.

Amorosso and Raddock have deep backgrounds in advising government contracting clients throughout the full contract lifecycle and continue to play active leadership roles within the industry.



Ed Amorosso



Aaron Raddock

to identify sources of data and recommend enhancements as required to support metric and tool implementation

2. Data and process design: Focus on coding changes (such as flagging data elements), as well as process changes to support the monthly reporting timeline
3. Implementation and training: Take steps that address the installation and configuration of an analysis tool, as well as data scrubbing and training

Implementing these processes and systems, which measure and track data driven metrics, can provide several important benefits:

1. Encourages a culture of continuous process improvement for EVM systems processes
2. Ensures accuracy and timeliness of government EVM reporting
3. Facilitates more effective internal reporting and analysis, which will provide an early warning system for potential project performance issues

Have questions on how to make your EVMS more effective? BDO provides a complimentary review of contractor's metric data to explore how it can be used to improve EVMS effectiveness.

For more information, visit [BDO's Center of Excellence for Government Contracting](#) or contact Dave Scott, Industry Specialty Services managing director, at dmscott@bdo.com.

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