

PROJECT MANAGEMENT WORKING GROUP

FY 2011 ANNUAL REPORT TO THE DIRECTORS

CHAIR: BOB MIKLOS, IDAHO NATIONAL LABORATORY

1ST VICE CHAIR: DAN ARMSTRONG, SAVANNAH RIVER SITE

2ND VICE-CHAIR: MARK SUEKSDORF, LAWRENCE LIVERMORE NATIONAL LABORATORY

INTRODUCTION

Vision -The strategic vision of the Project Management Working Group (PMWG) is to enhance project management capability and execution to meet Department of Energy (DOE) – including the National Nuclear Security Administration (NNSA) - critical mission requirements in a way that delivers:

- Consistent successful performance
- Cost effective delivery
- The capability to sustain performance in the future

Purpose - The purpose of the PMWG is to promote project management excellence in the execution of DOE programs by sharing best industrial practices, applying lessons learned and providing integrated recommendations to DOE.

Objectives - The PMWG is committed to the following strategic objectives:

- Provide a multi-year and multi-site contractor perspective on efforts to continually improve project execution and to maximize the probability of success of projects for the entire DOE complex, such as enhanced collaboration among contractors and encouragement of early involvement of experts
- The PMWG will promote the on-going assessment of organizational and project performance, focused on driving timely corrective action to prevent failures, and active exchange of successful project management programs, practices, procedures, lessons learned, and other pertinent information of common interest
- The PMWG will support EFCOG and member company initiatives in the human capital arena, focusing on program and project management functions, cost estimating and construction management functions such as training through workshops, task groups, and seminars

Scope - Promote project management excellence in the execution of DOE programs by sharing

- Best Industrial Practices
- Lessons Learned
 - Enhance project management capability to meet DOE critical mission requirements
 - Be the go to group for an integrated contractor recommendations to DOE on
 - * Project Management
 - * Cost Estimating
 - * Construction Management
 - * EVM
 - Support DOE initiatives to get off of the Government Accountability Office “High Risk” list

MEMBERSHIP

The membership of the Working Group has grown steadily over the last year with new members from a broad range of contractors and service subcontractors specializing in project management services. The PMWG has continued a practice of case study presentation from field project managers at its

semi-annual meetings and scheduling of the meetings around other project management events which has broadened exposure of the working group. This approach has been well received by both the PMWG members and the field project managers. PMWG membership is about 94. The Working Group has representatives from 45 of the EFCOG member companies. The CES overall membership is about 65, with an average of 25 active members at any given point in time. The Working Group has representatives from 35 of the EFCOG member companies.

ORGANIZATION

The leadership of the PMWG is comprised of:

Chair: Bob Miklos, Idaho National Laboratory

1st Vice Chair: Dan Armstrong, Savannah River Site

2nd Vice-Chair: Mark Sueksdorf, Lawrence Livermore National Laboratory

There are two Subgroups, with Chairs as follows:

- Cost Estimating Subgroup Chair: Lee Phillips, Lawrence Livermore National Laboratory
- Construction Management Subgroup Chair: David Leeth, Bechtel National Inc.

EFCOG Sponsoring Director: Tom Gioconda, Lawrence Livermore National Laboratory; and, Susan Stiger, Bechtel National Inc.

DOE Sponsors: Paul Bosco, Office of Engineering and Construction Management (OECM); Bob Raines, NNSA; Lowell Ely, Office of Environmental Management (EM); Dan Lehman, Office of Science (SC); and, Mike Hickman, NNSA

With respect to succession planning, the PMWG operates with a two-year succession cycle and the current leadership has been in place for approximately one year and plan to rotate in 2013.

Achievements

The PMWG achieved the following during FY 2011:

Consistent with the strategic objectives of the Working Group, the focus in FY 2011 was on supporting DOE initiatives to enhance project management application and to increase sharing of project management knowledge across our membership. Key highlights of work in FY 2011 include:

- Continued supporting the DOE Corrective Action Plan (CAP) developed to address remaining two systemic project management deficiencies (identified in the 2008 Root Cause Analysis study) that have resulted in DOE remaining on the Government Accountability Office “High Risk” agency list for over twenty years. PMWG has continued to work closely with OECM and Program offices to provide input on the corrective measures from the contractor perspective and support the implementation plan.
- At the PMWG’s December 2010 winter meeting, hosted by MCR at their Washington D.C. office and very well supported by DOE sponsors established initiatives targeted for completion in 2011 and group members assigned as point contacts for support. The established initiatives for FY 2011
 - Design Maturity – identify best practices
 - Peer Reviews – participate as peer review member, reevaluate practice and draft white paper
 - Cost Estimating – support Department initiatives
 - DOE 413.3B training – evaluate training interest level/delivery methods
 - EVMS Surveillance- support OECM initiatives including guide development

- Lack of Qualified Suppliers – CM evaluate and draft white paper
- Acquisition Strategy – CM evaluate and draft white paper
- The PMWG supported the development and aggressive implementation of the revision to DOE Order 413.3B. *Program and Project Management for the Acquisition of Capital Assets*
- PMWG supported EFCOG's Knowledge Portal presentation at the Waste Management (WM) Symposium 2011 in Phoenix, Arizona in March. The event is focused primarily on the current topics and technologies associated with hazardous waste cleanup and D&D operations and is well attended by DOE many of their supporting contractors. A description of the key PMWG activities and challenges was presented as a part of an EFCOG panel discussion that included other Working Groups. This was viewed as a good opportunity to collaborate on initiatives that are of mutual benefit to the groups and will likely be included in the planning for WM Symposium 2012.
- The Cost Estimating Subgroup held its annual meeting and workshop on April 19 – 20, 2011, hosted at Y – 12 National Security Complex. The workshop was well attended with a good cross section of approximately 35 representatives from the contractor community and DOE-Headquarters and field offices.

The meeting included;

Site Presentations from B&W Pantex - Dennis Huddleston, Manager, Projects , Hanford – Tank Operations Contract - Doug Ahmer, Estimating Manager, Washington River Protection Solutions LLC, URS and Energy Solutions, INL Cost Estimating - John Baker, Manager, Cost Estimating and Scheduling, Los Alamos National Laboratory – Donald Toddings, Manager Of Estimating, LLNL Cost Estimating - Lee Phillips, Cost Estimating Manager, Oak Ridge National Laboratory Cost Estimating - Larry Jones, UT Battelle. Pacific – Battelle Memorial Institute, Sandia National Laboratory Cost Estimating - Dennis Inman, Lead Cost Estimator, Sandia Staffing Alliance, LLC, Savannah River Site Project Controls Site Estimating - Grant A Cook, M&O Chief Estimator & Site Estimating Manager, Savannah River Nuclear Solutions (SRNS), WTP Project –Richland, WA – Tony DiLiberto, Estimating/Change Control Manager, and B&W Y-12 Cost Estimating Transformation & Projects - Steve Foster, Estimating Manager .

Speakers Presentations

The [AACE] Estimate Classification System Applied to the CD Process – Michael R. Nosbisch, CCC, PSP President –Elect and Why Can't We All Just Get Along? Lessons In Reconciling Cost Estimates - Neal D. Hulkower, Ph.D. , MCR, LLC, nhulkower@mcri.com, Lawrence Wolfarth, JHU APL, Lawrence.Wolfarth@jhuapl.edu

OECM Presentations

Cost Estimating in DOE for Capital Asset Projects - Bob Raines, Director for the Project Management Systems & Assessments, Office of Engineering & Construction Management, Recent and Future efforts in Cost Estimating for DOE Capital Asset Projects – Melvin Frank, Team Lead, Project Management Systems, Office of Engineering & Construction Management and Cost Symposium Agenda - Melvin Frank, Team Lead, Project Management Systems, Office of Engineering & Construction Management

Breakout sessions were held to continue discussion on the presentation topics. In addition to supporting the DOE initiatives, the Subgroup's 2011 initiatives included further exploration of methods to share estimating resources between contractor sites and developing communication tools to support effective collaboration. The Subgroup members attended and presented at the DOE's Cost Symposium.

The Subgroup Chair attended the CFO Conference and DOE's second Cost Symposium held in New Orleans in May, 2011. He gave a presentation summarizing the interactions between the Subgroup and OECM regarding the proposed DOE Guide 413.3-21. He also moderated a panel discussion regarding Project Risk and Risk Management.

- The Construction Management Subgroup remains relatively small and composed of contractor representatives from many of the sites with the largest active major construction projects. The Subgroup continued work on the most relevant issues that were identified in 2010. The three topics that were selected and teams assigned to prepare plans to address:
 - Fixed price subcontracting
 - Acquisition / execution strategy planning
 - Lack of qualified vendors

The subgroup completed development of three white papers based on these initiatives that highlighted current practices and areas for continued improvement.

- The PMWG's summer meeting was hosted by Dekker Ltd, prior to the Dekker Program and Project Management Summit which took place in San Diego, California. The meeting provided the opportunity for members to earn PDU's at the program and reduce travel/training costs. The meeting was well attended, included presentation from OECM and various PM presentations on lessons learned from active projects at various DOE sites.
 - OECM presentation topics: New Order 413.3B, effective 5/31/2011. Committed to Peer Review process. Emphasized professional development aspect of Peer Reviews.
 - * Discussed large number of Peer Reviews planned this remaining calendar year and FY 12. A list and schedule will be provided.
 - * Discussed that two Independent Cost Reviews (ICRs) since new order was issues (both Office of Science).
 - * Design Maturity - How advanced should a design be at given milestones, varies by complexity. Look forward to results of EFCOG work on this topic.
 - Action items from meeting complete Peer Review White Paper , complete Acquisition Strategy White Paper , complete Design Maturity White Paper ,complete Lack of Qualified Suppliers White Paper.
- A task group completed a white paper on "Peer Reviews". This paper provides guidance and best practices to assist contractors and federal staff in performing peer reviews of DOE projects. These reviews are required by DOE Order 413.3B. Successful peer reviews will enhance the professional development of all participants, who can learn from each other the most effective ways to manage projects and benefit from lessons learned from others. The interaction of project teams and peer review teams in this process will improve project performance while addressing GAO "high risk concerns" by drawing on the successful best practices and subject matter expertise of agencies inside and outside the DOE enterprise.
- A task group completed a white paper on Acquisition Strategy's. The lack of qualified or experienced suppliers is reducing the competition on DOE projects, increasing the costs, and delaying project completions. This is especially true on projects requiring non-commercial quality requirements (NQA-1) and 10CFR830. The DOE Complex should leverage resources by performing joint supplier audits, developing and maintaining a database for audit documentation and making the audit list available to all DOE contractors. These steps will improve screening for qualified suppliers, facilitate more consistent and efficient compensatory actions when required, increase competition, and lower costs for supplier quality verification.
- A task group completed a white paper on Design Maturity. On March 4, 2010, Deputy Secretary Daniel Poneman issued a policy statement regarding project management processes, which provided pointed guidance designed to improve the following topical areas of DOE project management:

- Project Size and Structure
- Project Team Staffing
- Funding Stability
- Project Peer Reviews
- Project Information Management
- Improving DOE Cost Estimates

In addition to the six criteria listed above, the letter also outlined policy regarding design maturity, charging OECM with determining the “sufficiency” of the design maturity, and using evaluations as a key parameter to determine whether to approve the project to proceed past CD-2 and into construction. The metric that DOE has set for project success is to maintain budget and schedule as set at CD-2, which is final design, through construction and project completion. The two main facets of the policy are:

- Ensure that design maturity is commensurate with the size, duration, and complexity of the project.
- Ensure that design maturity at CD-2 limits changes to meet “success criteria”, listed as less than 10% deviation from approved cost and schedule baseline.

While there is no “one-size fits all” program or philosophy that can be applied to all DOE capital projects due to the wide variation in size and technical complexity, this white paper is intended to document the issues and recommend approaches based on lessons learned and successful examples to aid in meeting the goals of the Poneman policy regarding design maturity. Specific tools are described, which if applied with the appropriate rigor, can provide project management with assurance that sufficient design maturity can be attained at CD-2, and aid in executing successful projects for DOE.

- A task group completed a white paper on Lack of Qualified Suppliers. The lack of qualified or experienced suppliers is reducing the competition on DOE projects, increasing the costs, and delaying project completions. This is especially true on projects requiring non-commercial quality requirements (NQA-1) and 10CFR830. The DOE Complex should leverage resources by performing joint supplier audits, developing and maintaining a database for audit documentation and making the audit list available to all DOE contractors. These steps will improve screening for qualified suppliers, facilitate more consistent and efficient compensatory actions when required, increase competition, and lower costs for supplier quality verification.
- The PMWG continued to provide implementation support for earned value management systems (EVMS), the development of DOE 413.3B EVMS Guide and maintained the EVMS website with useful reference documents.

PLANNING FOR THE NEXT YEAR

The PMWG has the following activities planned for FY 2012:

- A key focus of the PMWG in early FY 2012 will be continued collaboration with DOE on the implementation of the Strategy for Improving Contract and Project Management, corrective measures from the Root Cause Analysis CAP, participation in PEER reviews and the next phase of enhancement for PARS II. The Working Group will remain involved with the cross program teams of OECM, NNSA, EM, Chief Financial Office, and the Office of Procurement as they complete implementation of the various measures. PMWG will continue collaboration with other professional organizations including: Project Management Institute, AACE International, National Defense Industrial Association (NDIA) and EFCOG Working Groups including: Human Capital, Engineering Practices, Integrated Safety Management & Quality Assurance, Safety Analysis, and Acquisition Management.

- In 2012, the Cost Estimating Subgroup will continue to support and partner with DOE's OECM as they implement measures to improve independent government cost estimating. Initiatives expected during the year include the completion of the DOE Cost Estimating guide, continued deployment of cost analysis training, support development of the DOE project cost database, and actions to address any other emerging cost estimating issues. The Subgroup will plan to hold an annual workshop around the PMWG summer meeting.
- The Construction Management Subgroup will continue support of complex wide peer reviews and will continue to partner with the Integrated Safety Management & Quality Assurance Working Group on common initiatives.
- The PMWG plans to hold its winter meeting on December 8-9, 2011 in Washington D.C. and refine the initiatives and group agenda for 2012. A summer meeting will be held in May around the Dekker, Ltd Program and Project Management Summit in San Diego, California. The focus will be updates on initiatives and field project managers sharing lessons learned. From these information exchanges, the Working Group is committed to prepare one best practice for posting on the EFCOG website related to project management and construction management.

LESSONS LEARNED

The value of connecting with other EFCOG Working Groups and industry trade organizations was recognized. Many of the issues facing project management are not unique to the PMWG or DOE and engaging other groups brings a diversity of views, lessons, and resources that strengthen solutions.

As the Working Group worked on the 2011 initiatives, it became clear that having customer representatives from the key elements (NNSA, SC, EM, OECM) and contractor representatives from corresponding sites was critical to effectively responding to complex wide issues. The diversity of project management implementation within the different business lines needed to be taken into consideration as the enterprise-wide project management issues are addressed.

The importance of the Working Group's website maintenance as a key communication tool has become more apparent and will require more routine attention.

EFFECTIVENESS EVALUATION

"Survey Monkey" results indicate that the PMWG Working Group meetings are effective. Sample data for the key survey questions in response to the top four performance metrics are provided in the table below (note: these results cover the December 2010 and May 2011 PMWG meetings respectively).

Question	% Yes	% Cumulative
Is participation in the PMWG added value for your project/company?	100% / 100%	100%
Are you changing any practices as a result of your involvement with the working group?	71% / 50%	62%
Is the working group tackling issues relevant to the work you perform for your member company?	100% / 100%	100%
Is the working group helping to create solutions for challenges you or your company are facing?	100% / 90%	96%

100% of responses indicated that they were either satisfied (35% / 20%) or very satisfied (65% / 80%) with the overall contents of the meetings. As evidenced by the accomplishments listed above, the PMWG Working Group tackles relevant issues that are of interest to the DOE.

All comments received and incorporated as appropriate to ongoing activities and meetings. As an example, meetings have been structured to accommodate more networking opportunities.

The following is provided for performance metrics five through seven:

- practices posted during the FY? Number of best Zero (0)
- papers submitted to DOE? Number of white Four (4)
- reviews/comment sets of draft DOE Orders/Guidelines and DNFSB recommendation responses submitted to DOE? Number of Eight (8)

Significant strides have been made in the improvement of project management within the DOE enterprise and it remains an area of continued emphasis within the current Administration. There continues to be recognition of the value in connecting the contractor community of practice with the owner oversight and management. The PMWG has been at this nexus and continues to add value for both the membership and more importantly, the DOE customer and their many stakeholders. The evaluation is supported by Survey Monkey results and discussions with DOE Sponsors. The group has an active membership and should continue to function well with both the Cost Estimating and Construction Management Subgroups.

RECOMMENDATIONS

The PMWG should continue in FY 2012, along with its two Subgroups and establish task groups to support the peer review process and EVM implementation enhancements.