

EFCOG PMWG FY 2012 Winter Meeting Minutes
Washington, DC December 8-9, 2011

Day 1: December 8, 0800

Bob Miklos, Chairman – Welcome/Agenda

Bob Miklos, Safety Topic: Exit Routes

Bob Miklos, Chair

- **Focus on “active” participation: Attending meetings, providing feedback, working on products, supporting team and DOE.**
- Team must generate ideas to foster “active” involvement:
 - List of opportunities from contractor perspective
 - Areas of focus from DOE Sponsors
- PMWG leadership will improve recognition of “active” participation with notes to member companies; illustrate ROI for time/effort spent on PMWG. (5)
- DOE-EM expected to provide guidance/requirements for application of PM to ongoing operations scope. (8)
- Feedback on cost of travel and alternative options for meetings was requested. All of us are aware of funding challenges/travel limitations. Should be noted that DOE expects that Peer Reviews will require travel to be performed adequately.
- PMWG needs to work with PMI to set up mechanism to get PDU’s for these meetings and peer review participation. (6)
- Organization structure for PMWG:
 - Cost Estimating Subgroup (Lee Phillips, LLNL)
 - Construction Management Subgroup (Dave Leeth, Bechtel)
 - EVMS Support Task Group (Rick Millikin, CHPRC)
 - Peer Reviews Resource Management Task Group (George Jackson, CHPRC)
- Rosters/resumes for peer review candidates must be compiled to provide short-notice support to upcoming peer reviews for NNSA. (2)
- Survey Monkey: Feedback provided is relevant and important after these meetings. Last survey indicated that 72% of our participants changed work practices at their home companies based on information from the last PMWG Meeting.

Paul Bosco, Director, OECM

- Presentation titled, “Project Management Excellence, What’s Next?”
- Congress is going to the GAO to determine the best ROI for federal funding amongst government projects.
- PARS Ratings have been an issue. We must change the culture belief system. Yellow is not a bad rating, it means that the project is at risk of breaking its approved PMB at that point in time, not that it is a failure. Red means that you have broken the approved PMB, but it is quite possible that a project missing the PMB by 2% can recover very easily and finish as a “successful” project per DOE criteria. Red requires quick and effective replanning, not a death sentence for the project team.

- Paul went through a rehash of 413.3B elements:
 - Design Maturity
 - Size/Structure, “Chunking” for EM/D&D tasks
 - Commitment to funding/budgeting, endorses fully funding anything under \$50M
 - Peer Reviews
 - Importance of not exceeding CD-0 estimate by 50% during CD-1 to prevent Deputy Secretary review/restart of alternatives analysis.
- Discussion of examples of failures/weaknesses during peer reviews:
 - Wrong people on team
 - Surprises at end of review. Approval of findings should be a formality.
 - Chairman should communicate important issues/findings to the sponsor of the peer review.
- Bosco Philosophies:
 - Project “success” under DOE criteria does not always means exceptional project management. Some projects are easier than others, and often times exceptional project management results from recovery/replanning efforts on difficult and complex projects.
 - To Chunk Or Not To Chunk? ARRA provided great data points: projects should be placed within programs at the \$20-40M range to help guarantee being fully-funded and optimize performance within the DOE “success” criteria. This is especially relevant to environmental restoration contractors closing areas/acreages of sites and D&D tasks, but should be applied where possible.
 - GPP Or Not To GPP?

Lee Phillips, Cost Estimating Subgroup Chair

- GAO looking for input on their new scheduling guide. (4)
- Opportunities to provide input for EM guidance on applying PM to operations. (8)

Peer Reviews

- Jennifer Bates and George Jackson discussed the best practices and opportunities for improvement associated with their experiences with peer reviews at WSB and MOX at Savannah River earlier this year.
- Jennifer Bates talked about the contract at Oak Ridge incentivizing participation from her company on peer reviews. This was new to most in the room, and of particular interest to all in terms of being a new and innovative tool to foster effective support and execution of peer reviews.

Daniel Poneman, Deputy Secretary of Energy

- Group went to EFCOG Semi-Annual Meeting to hear Daniel Poneman provide his vision statement for DOE Contractor support. Two main focal points of his presentation was to continue to pursue “success” in projects to get off GAO High Risk List, and the structure contracts such that incentive to contractors strongly aligns with endpoint project success and shared risks of poor performance.

Bob Raines, Director, NNSA Acquisition & Project Management

- Presentation titled, “Acquisition and Project Management (APM): The Path Forward”
- Organization structure of NNSA and EM now facilitates project delivery responsibility to Raines and Surash, with CO’s and Project Management reporting to them.
- Improvements Expected:
 - Core competencies in project delivery developed and enhanced.
 - Direct accountability on project delivery will streamline efforts
 - Independent cost estimating capability will be required
 - Strong push to analyze existing/new requirements to prevent scope changes
 - Institutionalization of anecdotal successes
- Development of appropriate acquisition strategies is of paramount importance (5):
 - Cost + vs. Fixed
 - Ensure competition to achieve “best value”
 - Structure fees/incentives to final project success and cost savings. Eliminate “middlemen” where possible, when adds onto subcontracted fixed price services lead to higher fees and lower risks to prime contractors, while adding costs and risk to DOE.
 - Integration with IPL must foster cost savings across the enterprise; elimination of parochialism is required to fully recognize these benefits.
- Transition of responsibilities through March 31, 2012
- List of 6 major projects transitioning to APM:
 - Sanitary Effluent Reclamation Facility (LANL)
 - High Pressure Fire Loop (Pantex)
 - HEPF (Pantex)
 - Test Capabilities Revitalization Phase 2 (Sandia)
 - MOX (Savannah River)
 - Waste Solidification Building (Savannah River)

Breakout Groups:

- Rick Millikin: EVMS Support
- George Jackson: Peer Review Resource Management Support
- Paul Henry: BCP & MR/Contingency White Paper
- Arnie Whipple: GAO Scheduling Guide Support

Day 2: December 9, 0800

Bob Miklos, Chair

- Generate white paper supporting need of NNSA to determine process for selecting best acquisition strategies via fixed price vs. cost-plus. Dave Leeth was assigned this task. (5)

Sue Stiger, EFCOG Executive Board Perspective

- Daniel Poneman met with Contractor Leadership to discuss PM/CM performance. It is very important to him.

- Reading the tea leaves, it is generally believed that our current budget challenges with respect to getting funding from Congress will continue for the next 10 years. No relief in sight. Performance will be key to sustaining funding for DOE missions.
- “No requirements added” mantra is being worked through DOE to help improve performance of EM and D&D projects. Draft policy statement is expected shortly that allows codes of record for engineering and technical governance, as well as other regulatory requirements, to be frozen at the time of contract award, with the exception of nuclear safety. This should decrease change orders that do not add value, but still protect the population and environment from nuclear safety-related risks.
- GAO has verified that smaller projects generally perform better than the large mega-projects. This may encourage DOE to either break larger projects up into smaller ones, or encourage them to move towards fully-funding projects to improve cost/schedule performance for 10-year mega-projects like MOX and WTP.
- Election year: a good working relationship between Contractors and DOE will lead to smooth transitions and potential stability, which is good for everyone.
- Paul Bosco has asked for support in developing a DOE-wide IPL, to help with portfolio management.

Ken Sheely, Associate Assistant Deputy Administrator, GTRI

- Credited Project management Improvement Team (PMIT) with helping GTRI grow 4 to 5 fold in the last 5 years, earning credibility with GAO and Congress.
- Harvard Business Review Data:
 - People overestimate the impact that PM talent has on successful projects, and underestimate the impact that luck has on successful projects. Successful projects utilize talent and rely and go the extra mile to ensure that they have good luck (when preparation meets opportunities). Must have both.
 - Success breeds overconfidence and complacency far more than we realize.
 - We do not investigate causes of good performance, only bad. We have volumes of lessons learned from mistakes/unsuccessful projects. Much like Bob Raines alluded to, we must focus on documenting and institutionalizing out successes to drive programmatic and portfolio performance higher.
- PMIT meets quarterly and employed the following strategies to maximize the quality of the output:
 - All Labs are represented, with no delegates allowed.
 - DOE: Field:HQ ratio high. Bottom-up participation is important to gather data and empower the whole organization to own and execute PM.
 - Approximately 5 commercial PM experts/consultants are on the team to keep ideas and concepts fresh and cutting edge.
- #1 Issues on GTRI’s radar with respect to PM: time to process BCP (45 days) is too long and cumbersome. It is hard to use those processes and manage effectively across the geographic and size continuum associated with a \$400M annual budget operating at national laboratories and 100 foreign countries. Frantically seeking ways to streamline the BCP process at DOE.
- Foster interface between PMWG and PMIT in the near future (6).

Jack Surash, Director, EM Acquisition & Project Management

- Presentation titled, “Integrated Contract/Project Change Control”
- Contracts must be managed by DOE at arm’s length: manage the contract, not the contractor.
- Would like to trend towards pure PBI contract structures, allowing contractors to buy and own as much risk as possible. Contractors have their own DCAA-audited systems, so they can do this.
- Integrated Bilateral Change Control, 6-Step Process:
 - Review/Evaluate Change Impacts
 - Determine if Budget is Available
 - If Urgent, can issue Unilateral NTE Mod
 - Negotiate Contract Change
 - Approve BCP
 - Modified Contract
 - Update PMB
- Goal of EM is to execute 80% of contract changes within 6 months of inception. “Contract changes never get better with time.” This sounds easy, but contract negotiations on the larger contracts can be difficult, especially when multiple potential changes occur in the middle of the process.
- Both contractors and feds should require that all BCP’s be accompanied with contract change documents, as this will facilitate faster and more effective modifications.
- Lots of misunderstanding of PM terms. MR is embedded money to mitigate contractor risk, not a discrete element of the proposal. A contractor’s bid consists of costs, MR, and fee. TPC adds fed costs on top of that bid cost.
- Confidence levels do not exist: Fully-priced proposals include all contractor-owned risks embedded into the costs as MR.
- Questions were asked about funding uncertainty, or issues surrounding the CR’s that plague both feds and contractors. Jack advised that allowable costs associated with CR’s should be address via the REA process, but costs incurred by schedule or funding cuts are either reimbursable or addressed via a contract modification.
- New Long-Term Contracts:
 - WBS can be changed between award and start if not cost is added.
 - True-up used to reconcile contract scope with incumbent’s progress.
 - Definitize “plug” numbers for costs
 - Minimal material cost changes expected.
 - Define interim baseline for first 12-15 months

Bob Miklos, Chair Closing Comments

- Next meeting scheduled for May 14-15 at Humphrey’s in San Diego, CA, hosted by Dekker Ltd., in conjunction with their annual conference/training. CES will also hold concurrently hold their annual session at the same location. Details forthcoming soon.
- Meetings will move to 2 full days.
- Meeting adjourned.

Action Items

1. EVMS Task Group (Millikin): Meet with OECM/Refine & Set Schedule by 1/31/12.
 - a. EVMS Surveillance Support
 - i. Assessment Templates
 - ii. “Road Show” Presentations
 - iii. RevCom Comment Resolutions
 - b. EVMS/PARS II Integration
 - c. Reporting Streamlining
 - d. EVMS Certification Simplification
 - i. EFCOF Survey
2. Peer Review Resource Management Task Group (Jackson): Complete 1/31/12.
 - a. Collect Candidate Resumes
 - b. Map Resumes to 5 Core Peer Review Areas
 - c. Determine Availability Constraints
 - d. Propose Candidates Upon Requests
3. BCR/Terminology White Paper (Henry): Draft 5/31/12; Final 9/30/12.
4. GAO Support for Scheduling Guide (Arnie Whipple): Support as needed.
5. Improve recognition for “active participation” (Miklos/Taylor): Ongoing
 - a. Collect Manager/Sponsor information for group members
 - b. Provide recognition as earned
6. Develop method to earn PDU’s for meetings/peer review support (Andrews): 12/31/11.
7. Acquisition Strategy White Paper (Leeth): Schedule TBD
8. Develop opportunities to support EM efforts to apply PM to operations (Miklos)
9. Initiate contact and develop relationships between PMWG Lab members and PMIT counterparts (Lab Members/Jackson/Miklos): 3/31/12
 - a. Notify Bob Miklos/George Jackson of contact details
 - b. Document ideas for improvement initiatives
10. Finalize plans for May 2012 Meeting (Jackson): 1/31/12
 - a. Notify regarding accommodations/Dekker sessions

Attendees:

Bob Miklos	Mark Sueksdorf	George Jackson	Paul Bosco
Bob Raines	Mike Hickman	Jack Surash	Ken Sheely
Tom Andrews	Jennifer Bates	Tom Daniels	Buddy Everage
Thad Konopnicki	David Leeth	Rick Millikin	Michael Nosbisch
David O’Flynn	Lee Phillips	Jack Stellern	Susan Stiger
Julia Taylor	Arnold Whipple	Rick Wilkinson	Scott Smith
Rick Elliott	Kevin Jackameit	Darell Rogers	Kim Cassara
Paul Henry	Al Rubalcaba	Greg Gibbs	Ryan Molen
Bob Vellinger	Kin Chao	Victoria Pratt	Melvin Frank
Greg McLellan	Chuck Negin	Kevin O’Sullivan	Wayne Abba
Ken Rueter			