



DEPARTMENT OF THE NAVY  
SPACE AND NAVAL WARFARE SYSTEMS COMMAND  
4301 PACIFIC HIGHWAY  
SAN DIEGO, CA 92110-3127

5000  
Ser 1.6/514  
28 Nov 07

From: Commander, Space and Naval Warfare Systems Command

Subj: MANAGING WITH EARNED VALUE AT SPAWAR SYSTEMS CENTERS (SSCs)

Ref: (a) USD memo, Revision to DOD Earned Value Management Policy of 7 Mar 05  
(b) ASN (RDA) memo, EVM Mission Statement, of 30 Mar 06  
(c) COMSPAWAR memo, Program Cost and Schedule Cost Data Collection, of 26 Feb 07  
(d) SPAWARINST 5000.19B, of 22 Mar 07  
(e) SECNAVINST 5000.2C  
(f) DoD Implementation Guide of Oct 06  
(g) SPAWAR Shore Installation Process Handbook (SIPH), Version 2.2, 21 Sep 07

1. Per reference (a), the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) policy directed application of Earned Value Management (EVM) on cost plus contracts, sub-contracts, and intra-government work agreements. Earned value is a tool for assessing program performance and identifying schedule variances, which could not otherwise be isolated by current practices of comparing expenditures incurred at a specific point in time against total authorized funding levels. Further, it provides a common framework for measurement and communication of a program's cost, schedule and technical performance. EVM requires a supplier to plan, budget, and schedule authorized work in time-phased planned value increments. The sum of these phased increments constitutes the performance measurement baseline for a given program, and reflects the entire technical scope of work consistent with program schedule and funding requirements. During program execution, earned value provides the means to measure and compare work accomplished to date against the total authorized cost and schedule requirements.

2. References (b) and (c) emphasize that Program Managers (PM) are accountable for using EVM data to assess and mitigate program risks. Cost and schedule data is necessary in development and defending budgets throughout the Planning, Programming, Budgeting, and Execution System (PPBES) process. Reference (b) requires full or tailored EVM on development contracts. Reference (c) emphasizes that, for development contracts below EVM thresholds, a risk assessment be completed

Subj: MANAGING WITH EARNED VALUE AT SPAWAR SYSTEMS CENTERS  
(SSCs)

before contract award. If EVM is not applied, the Government should still obtain metrics to monitor cost and schedule performance.

3. Team SPAWAR organizational roles and responsibilities are set by reference (d).

4. The following is set as policy:

a. For acquisition programs, reference (e) will apply.

b. When required or recommended to monitor cost and schedule performance, EVM will be implemented at Team SPAWAR sites and will be used to augment project/task management by the establishment of a performance measurement benchmark against which cost, schedule, and technical performance can be assessed. The following guidelines will be applied to ensure effective and consistent implementation and application of earned value:

(1) When EVM is required or recommended to monitor cost and schedule performance, consideration should be given to implementation and operating costs. The costs associated with EVM will be considered a direct program cost funded by the PM. EVM will not normally be applied to Acquisition projects/tasks that are less than \$5 million, and/or less than 12 months duration, or mostly level of effort

(2) The PM will specify the requirement for EVM reporting in the funds usage document or relevant SPAWAR task work plan to be accepted by the performing SPAWAR System Center (SSC). Redundant and/or non-value added management processes and reporting requirements will be redirected or eliminated where possible to reduce costs to the program.

(3) The SSCs will use the most cost effective means to support EVM. The SSCs will utilize the standard SPAWAR "National" management systems and tool sets already deployed.

(4) PMs, with assistance from SPAWAR Code 1.6, will be responsible for the review and surveillance of EVM control systems at SSCs. Program reviews will include earned value data for displaying progress and performance of the project or task.

Subj: MANAGING WITH EARNED VALUE AT SPAWAR SYSTEMS CENTERS  
(SSCs)

(5) Reference (f), will be used, as appropriate, as a guideline when implementing and using EVM at the SSCs.

(6) Integrated Baseline Reviews (IBRs) are required whenever EVM is required. The IBR shall be used to assess the adequacy of the technical baseline. IBRs will be conducted in accordance with reference (f).

(7) Where many SPAWAR shore systems are being transitioned and/or integrated into C4ISR intensive, Navy owned facilities, like MILCONs, Command Centers or Communications facilities, reference (g) applies. Section 9.0 of this reference outlines a cost effective process specifically developed with EVM principles to:

- Set-up and measure established performance baselines
- Track cost and schedule benchmarks
- Manage large project risks.

It establishes a project control protocol that employs Earned Value metrics on both contracts and intra-government work agreements.

(8) SPAWAR 1.6 is responsible for supporting PMs on applying guidelines, recommending candidate programs for EVM, facilitating necessary training, supporting reviews/surveillance, and analyzing cost performance reports submitted to the PM.

5. Questions regarding application of EVM should be directed to Mr. Mourad Yacoub, SPAWAR Code 1.6, 619-524-7160.



M. C. BACHMANN

Distribution:  
Electronic only, via Electronic Command  
Information Center (ECIC) Website  
<https://kmportal.spawar.navy.mil>