

Message from the President

Department of Defense Instruction 7000.2, “Performance Measurement for Selected Acquisitions” was issued on December 22, 1967, marking the widespread adoption of Earned Value Management (EVM) for complex acquisitions. (This policy instruction was my responsibility from 1982 to 1999 as a civil servant.) Its principles remain intact in other forms a half century later – in government-wide acquisition and procurement regulations, in national and international standards, in professional and industrial associations, and in company management procedures. CPM’s professional education and certification programs, workshops and symposia support all these disparate needs and help to advance the state of the art of integrated program performance management using EVM and other techniques.

Rereading the instruction prompts a flood of career memories. My memories as well as those of many others are being captured and organized by CPM Vice President Marty Doucette and his team of volunteers, who are recording interviews, digitizing videotapes, scanning documents and incorporating all into an EVM Timeline that will document thoroughly EVM’s origins and evolution. We are the original professional association dedicated to integrated performance measurement using EVM. As we mark this milestone, it’s a good time to recall first principles and encourage our younger members to bear them in mind as they adapt the vision of our founders to today’s environment.

However, we should indulge a “chicken or egg” question. What came first, BCWS, BCWP and ACWP or their contemporary versions PV, EV and AC? Would it surprise you to learn it was the latter, as documented in a Performance Technology Corporation letter to the Air Force Ballistics Systems Division on March 21, 1965 (except that AC was “Actual Value”)? My point is that usually, simple is better. The letter forwarded drafts of the “Earned Value General Specification and Checklist” in fulfillment of an Air Force contract. These documents would evolve into the Air Force C/SPCS and DoD C/SCSC --- and the rest is history.

That history, as with any government policy, has experienced ups and downs. In my experience, the “downs” occurred when overseers lost sight of the first principles. The original objectives of DoD Instruction 7000.2, as listed in the press release accompanying its release, were to:

“... provide an adequate basis for responsible decision-making by both contractor management and DoD components through contractors’ internal management control systems that provide data which (1) indicate work progress, (2) properly relate cost, schedule, and technical performance, (3) are valid, timely, and auditable, and (4) supply DoD managers with a practicable level of summarization.”

Finding the right balance to achieve these objectives follows a cyclical pattern that is influenced by many factors, which will be apparent from the timeline. For example, ratchet-like tightening of regulations in response to contract cost overruns, accompanied by ever more intrusive customer audits, is followed eventually by loosening of regulations – and so the pendulum swings. The danger, of course, is that the swings will be extreme and will compromise the value of earned value.

Criterion-based management using EVM was designed to support essential management needs that remain relevant today. Every manager needs to know how a contract/project/program is performing. And the more complex the organization, the more compelling the need for consistency in management reports. As CPM leads the way into the next half century of management evolution, we all should use these first principles as touchstones, especially as we develop the practitioner and enterprise professional levels of our Integrated Program Performance Management certification.