

Secretary Presents Awards at the 2012 DOE Project Management Workshop

On April 3 & 4, 2012, approximately 320 personnel from across DOE's project and contract management community attended the 2012 DOE Project Management (PM) Workshop. The PM Workshop was sponsored by the Office of Engineering and Construction Management (OECM) and this year's theme was **Communicating Progress—Celebrating Successes**. Topics presented included an overview of the Department's progress in improving project management and noting the remaining challenges. Speakers included experts in project management, cost estimating, nuclear safety, earned value, ethics, and world economics as they relate to capital asset investment and energy commodities.



The keynote speaker was the Deputy Secretary of Energy, Mr. Daniel B. Poneman (pictured above), who provided remarks on the importance of continuous improvements in project management. He also recognized the need to introduce two new principles into practice when conducting acquisition planning of capital asset projects and managing associated contracts. First, the Department must assure the optimum alignment of contractor and taxpayer interests. Second, it must structure these contracts such that each party bears responsibility for its own actions. *(continued on pg. 2)*

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On the Road...Again

You got a taste of it at the Project Management Workshop. Germantown and Savannah River have already benefited from Cathe Mohar, Karen Urschel, and Igor Pedan sharing their EVMS/PARS II expertise and knowledge. Now the threesome is on the road again. **They'll be at Hanford, WA, May 9 and 10.** Look for them at a site near you soon!

Upcoming Tentative Dates

- Oak Ridge, TN, early June
- LANL/Sandia, NM, week of June 18th
- Idaho Falls, ID, week of June 25th

Highlighting the event was the recognition of DOE's Federal Project Director of the Year and the presentation of five Project Management awards by Deputy Secretary Poneman for Fiscal Year 2011.

David Arakawa, from Oak Ridge National Laboratory, was presented with the Federal Project Director of the Year Award in recognition of his demonstrated exceptional leadership and project management acumen.

The Secretary's Award of Excellence was presented to the Office of Science's Physical Sciences Facility Project (standing between Mr. Poneman and the Director of the Office of Management, Ms. Ingrid Kolb, are left to right: Chad Henderson, Jeff Pittman, Johnny Moore, and Dan Lehman). It is the Department's top project award and is presented for demonstrating exceptional skills in completing its project under budget and ahead of schedule.



The Secretary's Achievement Award was presented to three projects from across the complex for demonstrating exceptional results in completing their projects within cost and schedule. This year's awardees are:

- Office of Science's Spallation Neutron Source Instruments —Next Generation Project;
- National Nuclear Security Administration's Ion Beam Laboratory Project; and
- Office of Energy Efficiency and Renewable Energy's Research Support Facility Project.

The Secretary's Improvement Award was presented to the Office of Science's Modernization of Laboratory Facilities. It is awarded to the project that best implemented new ideas, methods, and processes that led to measurable improvements in project management.

Once again, OECM would like to thank everyone for their continuing efforts to improve the efficiency and effectiveness of DOE's project and contract management. The next DOE Project Management Workshop is planned for April 2014 – we look forward to seeing you there!

Presentations from the workshop are available on OECM's website: <http://energy.gov/management/downloads/presentations-2012-doe-project-management-workshop>

Risk is Inevitable, So Why Not Plan for It?

Ruben Sanchez, PE, PMP, CCE, CFM, LEED-AP

Life is full of risk and uncertainty—known and unknown—except for death (and taxes). Why does applying risk management to projects matter? Projects have both internal and external probabilistic risks with associated positive or negative impacts on project outcome. Unplanned and mismanaged risks affect our ability to meet our project baselines (scope, cost and schedule). Properly identified risks with plans to manage them are essential to get to project success. It is easier and less costly to prevent or control problems than it is to react after they occur—proactive versus reactive. Risk management—the systematic, iterative process of identifying, analyzing, and responding to project risks—includes maximizing the probability and impact of positive events (e.g. seeking opportunities to increase productivity), and minimizing the probability and consequence of adverse events (e.g. conducting surveillances to ensure quality and safety).

Risks occur during all project phases (design, technology development, production, or sustainment life-cycles) and stem from uncertainty in the economy, legal liabilities, funding disruptions, *(continued on pg. 3)*

accidents, natural causes and disasters. Threats such as those impacting the design-basis, events of uncertain or unpredictable root cause, or acts of nature are other types of risk that may be more difficult to identify upfront. The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk. In DOE, contingency is used to manage risks assumed by the government, and management reserve is used for risks assumed by the contractor. To associate contingency and/or management reserve to risk requires proper identification of the risk and the plan to manage it.

How can I effectively manage risk? The known unknowns are more likely to be project risks than the unknown unknowns. Trust your instincts and pay attention to what seems risky to you. You will most likely have problems from known risk areas rather than be surprised by unforeseen unknowns. One way to learn from your mistakes is to make it a practice to include repeatable mistakes in your risk management plan so they are on your radar from the start. Problem areas must be identified, understood and managed as significant project risks, and counteracted by specific, bold, mitigating, planned management initiatives, or repeated failures are almost guaranteed.

Resources are available to help you improve your risk management. The following DOE Directives provide guidance for identifying and assessing project risks: DOE G 413.3-7A, Risk Management Guide; DOE G 413.3-21, Cost Estimating Guide; DOE G 413.3-4, Technology Readiness Assessment Guide; and DOE G 413.3-12, Project Definition Rating Index.

FY 2013 Training Schedule is Now Available!

The PMCDP is happy to announce the FY2013 course delivery schedule is available on our website (<http://energy.gov/management/downloads/pmcdp-course-schedule>). We hope the early release of the schedule will allow FPDs and candidates to get a jump start on their training and professional development goals. Enrollment is open in the Corporate Human Resource Information System/Employee Self Service (CHRIS/ESS). We encourage you to register now, and to include your training plans in your individual development plan (IDP).

The PMCDP would like to thank Steven Martinez, Learning & Development Training Services (HC-21.2), who proposed a more efficient way to gather data and provided support throughout the process. PMCDP thanks Steve for collaborating with us to get the job done well!

Recently Certified FPDs

The Certification Review Board certified the following individuals:

Office of Environmental Management

- Curtis A. Roth, Level II

Office of Science

- Michael A. Epps, Level I

National Nuclear Security Administration

- James A. Gibler, Level I

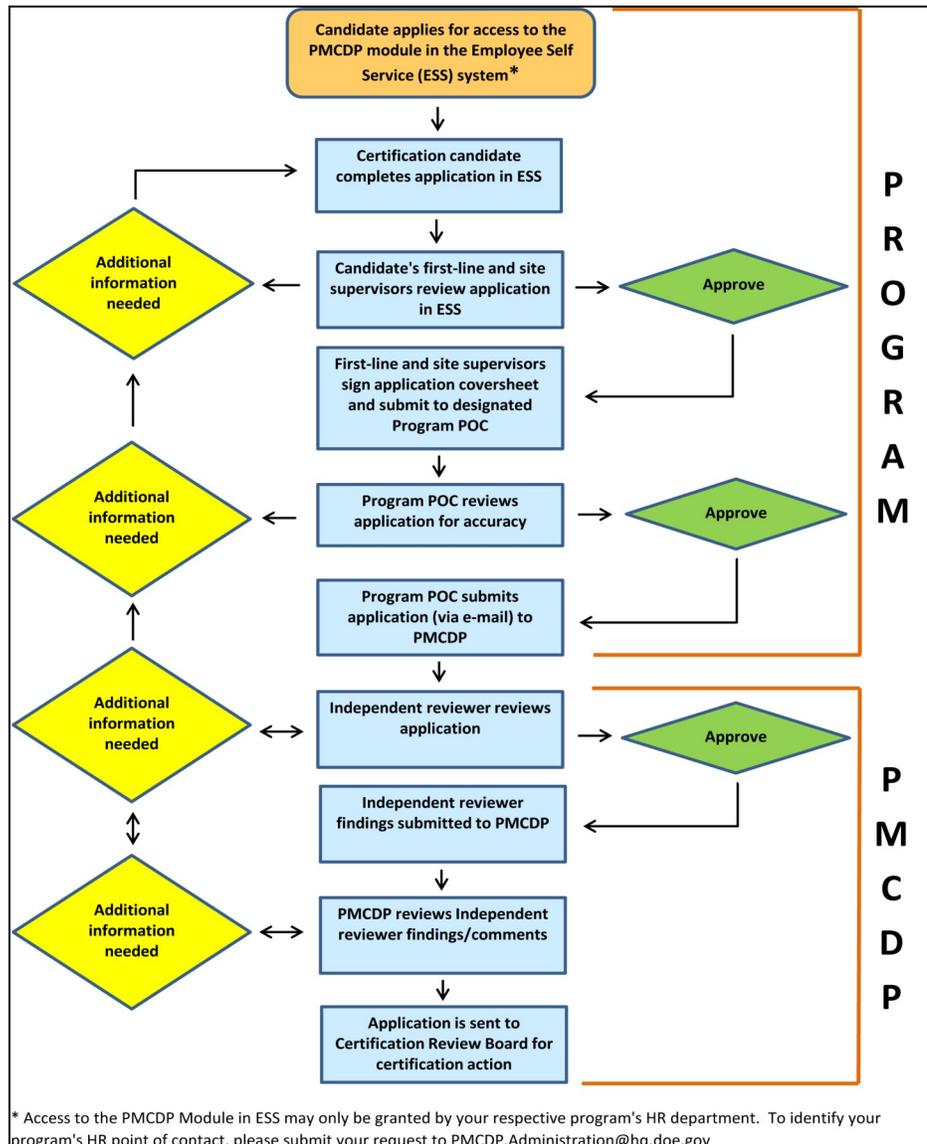
**Congratulations to our
newly certified FPDs!**



Key Steps to Submit a FPD Certification Package

Victoria C. Barth, MA ISD

PMCDP is frequently asked about the process to submit a certification package. Dave Rathbun, PMCDP's support contractor, created a flowchart to make this process more understandable. Kudos to Dave for providing us with the chart.



As you can see, the process is broken up into two sections. The first section, labeled Program, includes the steps where you work directly with your Program. The second part, labeled PMCDP, involves your Program working with PMCDP on your behalf. This process can be fairly simple as long as the package is complete, accurate, and responds to all of the requirements. A request for new information at any stage can significantly impact the amount of time it takes to bring a package to the Certification Review Board for consideration. We encourage you to work closely with your Program point of contact (POC) throughout the process. Your POC will answer questions, provide you with guidance, and act as your facilitator. For a complete list of all program POCs, please visit our website: <http://energy.gov/management/downloads/pmcdp-program-points-contact-pocs>.

Course Available Online	PMCDP Info	Course Code
Contracting Officer Representative Training	Level I Core	CLC222
To register through the Federal Acquisition Institute's Training Application System (FAITAS): Ctrl + Click Here For a Tutorial on using FAITAS: Ctrl + Click Here		

Start	End	Course	CEUs	Location	PMCDP Info	CHRIS Code/ Session	Registration Restrictions
May 2012							
5/7/12	5/11/12	Cost & Schedule Estimation & Analysis	35*	Aiken, SC	Level 2 Core	001044/0018	Priority given to SRS employees
5/8/12	5/10/12	Strategic Planning	21	Richland, WA	Level 3 Elective	001043/0009	None
5/8/12	5/11/12	Managing Contract Changes	*28	Oak Ridge, TN	Level 1 Core	002102/0021	None
5/14/12	5/18/12	Program Management & Portfolio Analysis	35*	Los Alamos, NM	Level 3 Core	001025/0023	None
5/15/12	6/26/12	Advanced Concepts in Project Management	50*	Albuquerque, NM	Level 2 Core	001023/0031	None
Onsite: 6/19-6/21							
5/22/12	5/23/12	Effective Program & Project Communication	14*	Argonne, IL	Level 2 Core	001940/0011	None
5/22/12	5/24/12	Environmental Laws & Regulations	21	Richland, WA	Level 2 Elective	001046/0029	None
5/29/12	5/31/12	Environmental Laws & Regulations	21	Richland, WA	Level 2 Elective	001046	Not in CHRIS: Contact Semi Bird
June 2012							
6/4/12	6/7/12	Planning for Safety in Project Management	25*	Aiken, SC	Level 1 Core	001035/0052	Priority given to SRS employees
6/4/12	6/8/12	Acquisition Management for Technical Personnel	32*	Oak Ridge, TN	Level 1 Core	000145/0030	None
6/5/12	6/7/12	Negotiation Strategies & Techniques	21	Aiken, SC	Level 3 Elective	001047/0009	None
6/11/12	6/15/12	Project Management Simulation	35*	Amarillo, TX	Level 2 Core	001029/0027	None
6/11/12	6/14/11	Managing Contract Changes	28*	Idaho Falls, ID	Level 1 Core	002102/0013	None
6/12/12	6/14/12	Real Property Asset Management	21*	Fermi Lab	Level 2 Elective	001183/0021	None
6/25/12	6/28/12	Managing Contract Changes	28*	Washington, DC	Level 1 Core	002102/0020	None
6/26/12	6/28/12	LEED for New Construction & Existing Buildings	18*	Oak Ridge, TN	Level 1 Elective	001936/0016	None
July 2012							
7/9/12	7/12/12	Planning for Safety in Project Management	25*	Idaho Falls, ID	Level 1 Core	001035/0050	None
7/9/12	8/31/12	Project Management Systems & Practices in DOE	60*	Idaho Falls, ID	Level 1 Core	001024/0039	None
Onsite: 8/7-8/9							
7/10/12	7/13/12	Managing Contract Changes	28*	Albuquerque, NM	Level 1 Core	002102/0022	None
7/17/12	7/20/12	Managing Contract Changes	28*	Cincinnati, OH	Level 1 Core	002102/	Not in CHRIS: Contact Ken Holt
7/24/12	7/26/12	Performance-Based Management Contracting	21*	Germantown, MD	Level 1 Elective	001951/0009	None
7/30/12	8/2/12	Planning for Safety in Project Management	25*	Idaho Falls, ID	Level 1 Core	001035/0050	None

Note: Asterisked courses are PMI approved

For a step-by-step guide to register for PMCDP courses in CHRIS/ESS, please visit the PMCDP website:

<http://energy.gov/management/downloads/pmcdp-course-registration-process>

Question of the Month?

Submitted by Martin Webler

Question: I read the April edition of the newsletter and I am struggling with the formula to use when current variances are expected to be present in the future (pg. 2 of the April newsletter). The formula stated in the article is $EAC = AC + (BAC / \text{performance factor})$. So, EAC is estimate at completion, AC is actual cost to date and BAC is budget at completion. If the BAC is \$1 million and the CPI, designated as the performance factor, has been running at 0.95, at about half way through the project when actual costs to date are \$550,000, the formula would determine the EAC to be \$1,602,232. This EAC seems way too high. What am I missing?

Answer: You are correct that clarification is needed. Please see the red text below for changes to the April 2012 article, "Now How Much is the Doggy in the Window (Project Going to Cost)? - Calculating an EAC!"

Corrected Excerpt

To determine EAC, start with the basic formula:

- $EAC = AC + ETC$ (or in words: actual costs to date + estimated cost to complete remaining work).

If a "bottom-up" estimate was performed to determine ETC, calculation of EAC is completed by straightforward addition. However, if a formulaic method is used, one must choose the best calculation that represents ETC based on performance to date:

- If variances at the current project stage are not expected to occur in the future, one could use $EAC = AC + (BAC - EV)$ where BAC (budget at completion) is the total amount of the time-phased work scheduled in terms of the original budget. **BAC – EV represents the budgeted cost of work remaining.**
- When current variances are expected to be present in the future, one can use **$EAC = AC + [(BAC - EV) / \text{Performance Factor}]$** where the performance factor is typically a performance index; CPI; SPI; $CPI \times SPI$; or a weighted factor of these indices $w_1(CPI) + w_2(SPI)$, where $w_1 + w_2 = 1$
 - ◇ When using the weighted factor approach, some use a set $0.8(CPI) + 0.2(SPI)$. However, others prefer to use a "sliding scale" dependent on the projects percent complete as shown in the figure below.
 - ◇ There is also the "importance" approach: Is cost or schedule more "important" to project success? If cost is three times more important than completing on time, one could use a 75/25 weighted split or $0.75(CPI) + 0.25(SPI)$ for the performance factor.

Note: Figure 1, Weighted Factor Approach, did not change.

Which is the best EAC formula to use? Unfortunately, there is no one "BEST" formula. That is why it is important to understand project performance, and then calculate EACs using a variety of formulas/methods to establish a most likely range of potential EACs. **PARS II WBS Independent Estimate at Completion (IEAC) Analysis Report provides a range based on three common EAC formulas.** Once various EACs are calculated, the project team can get a feel if current funding levels are sufficient to complete the project and use the information to identify efficiencies to improve performance and get back on track.

Please Submit Your Questions!

PMCDP thanks Martin Webler for submitting the Question of the Month. We invite you to send comments and questions from the field so that we can provide information of value to you in the newsletter. Help us keep this ball rolling by submitting YOUR questions to either Linda Ott or Vicki Barth.

Full PMCDP Course Schedule



For the full listing of FY2012 and FY2013 classes, visit the PMCDP website:

<http://energy.gov/management/downloads/pmcdp-course-schedule>

Questions or Comments?

Please email general questions and comments to PMCDP.Administration@hq.doe.gov, or visit our website: <http://energy.gov/management/office-management/operational-management/project-management-career-development-program>

For specific information, please contact either:

- Linda Ott, PMP, MA Adult Ed - PMCDP Team Lead, Linda.Ott@hq.doe.gov

-OR-

- Victoria C. Barth, MA ISD - Course Schedule, Certification Review Board information, Certification and Equivalency Guidelines, Newsletter, Victoria.Barth@hq.doe.gov