

Pathways to Project Success

SEPTEMBER 2010

Corrective Action Plan (CAP) Corner:

Determination and Use of Management Reserve

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If you have been involved in project management for a period of time, you have most likely heard the term Management Reserve (MR). However, MR does not always mean the same thing to all people. Some use the terms MR and contingency interchangeably, yet they are vastly different. Using these terms interchangeably should be discouraged because it leads to confusion. While MR is a form of contingency, its formulation and application is the responsibility of the contractor. Contingency, on the other hand, is the responsibility of the owner.

What is MR?

Department of Energy (DOE) Order 413.3A, *Program and Project Management for the Acquisition of Capital Assets*, and Acquisition Letter (AL) 2009-01, *Management Reserve and Contingency*, defines MR as “an amount of the total contract budget withheld for management control purposes by the contractor. Management Re-

serve is not part of the Performance Measurement Baseline.”

When is MR calculated?

MR is calculated by the contractor after the government and the contractor have agreed to the contract price to facilitate project management discipline. Often, a contractor will initially calculate the amount of MR by considering the potential cost impact of uncertain events, i.e., risks that may be realized during contract/project performance and that, once realized, will affect the cost to perform the contract requirement. Examples of this practice would be the recent price volatility in construction materials, such as steel and concrete, and less-than-anticipated productivity.

How is MR calculated?

The contractor must take several factors into consideration when calculating MR, such as material and labor availability, market pricing, subcontractor and supplier performance and productivity. In assessing the risks, the near-term clearly-defined work is usually less risky than far-term ill-defined work. Most contractors determine MR budget based on their own ex-

perience with prior work on similar contracts.

Where can I go to learn more about MR?

In addition to the DOE Order 413.3A and the 2009 AL, DOE G 413.3-7A, *Risk Management Guide*, is another good resource. It does a great job at describing effective risk management processes that should lead to successful project execution. More importantly, it provides guidance for the development and consistent application of contractor MR in the planning and execution of DOE capital asset projects. Further, it illustrates an example of procedural guidelines for deriving contractor MR in a hypothetical DOE project.

Additionally, the Project Management Career Development Program offers two recently redesigned courses, Project Risk Analysis and Management (Level II Course) and Advanced Risk Management (Level III Course), that speak to the determination and use of MR.

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Federal Project Director (FPD) Corner

Certification Review Board Update

The Certification Review Board (CRB or ‘the Board’) convened on Friday, August 20 to discuss a wide range of topics. The Board continues to evaluate methods for how it can assist the different Programs in ensuring all current – and

future – DOE projects are managed by Federal Project Directors (FPDs) with the appropriate level of PMCDP certification. The Board will convene again on September 24th.

Congratulations to our newly certified FPDs!

The August CRB granted certification to the following candidates:

Desiree-Lee S. Ang (RW), Las Vegas, NV – Level II

Hannibal Joma (SC), Menlo Park, CA – Level II

Isabelle Wheeler (EM), Richland, WA – Level I

PMCDP Curriculum Changes

During the August 20 CRB meeting, the Board approved a series of curriculum changes that will impact future Level I and II certification requirements. These following curriculum changes will become effective January 1, 2011. All packages submitted to PMCDP after January 1 will fall under the new curriculum requirements. Those in the PMCDP approval system prior to January 1 will fall under the current Certification and Equivalency Guidelines.

Level I Changes

- The Level I core course, *Acquisition Strategy and Planning*, was found to be repetitive, with some information in three other PMCDP courses,

so it will be discontinued and will no longer be required for PMCDP Level I certification.

- The Level II core course, *Project Risk Analysis and Management*, will become a Level I core course. Since it speaks specifically to DOE, it will no longer be waived for candidates who have the Project Management Institute’s (PMI) Project Management Professional (PMP) certification.

Level II Changes

The following courses are not addressed by PMI or in its Project Management Body of Knowledge, so they will no longer be waived for candidates who have a PMP certification:

- *Value Management*
- *Environmental Law and Regulations*

- *Federal Budget Process in DOE*
- *Cost and Schedule Estimation*
- *Scope Management and Baseline Development*

The following Level II elective courses will now become Level II core courses to support the Root Cause Analysis, Corrective Action Plan:

- *Cost and Schedule Estimation*
- *Scope Management and Baseline Development*

Question of the Month

Question:

I recently learned that PMCDP is making several curriculum changes to its Level I and II course requirements, effective January 1, 2011. I am currently a certified Level I FPD, and have begun working on my Level II profile in the Corporate Human Resources Information Service/Employee Self Service (CHRIS/ESS) system. Since I have already started taking courses toward my Level II certification, will these changes affect me even though I have already started working on my application?

Answer:

PMCDP will only hold candidates accountable for satis-

fying the new January 2011 PMCDP course requirements if the package is submitted to OEMC/PMCDP after December 31, 2010. In order to be "ready" for certification, your first-line and site managers must first approve your Level II competencies in the CHRIS/ESS system. Next, your Program's dedicated PMCDP point-of-contact (POC) will need to forward your signed coversheet, including a brief e-mail that states that your Program is supporting you for certification, to OEMC/PMCDP on or before December 31, 2010.

If PMCDP receives the certification request before January 1, 2011, you will be held to the current PMCDP certification standards. Candi-

dates submitting packages to OEMC/PMCDP after this date will be responsible for fulfilling the new curriculum requirements.

Your PMCDP POC is well versed on the certification submission process. For a list of the current PMCDP POCs, including their contact information, please visit our website listed below.

The "PMCDP points of contact link" is also on our website.

http://www.management.energy.gov/project_management/pm_certification.htm



PMCDP Course Schedule

Start	End	Course	PDU's	Location	PMCDP Info	CHRIS Code/ Session	Registration Restrictions
September 2010							
9/1/10	9/3/10	Contract Administration for Technical Representatives	21	Aiken, SC (Savannah River)	Level 1 Core Course	001028/0008	None
9/7/10	9/9/10	Environmental Laws and Regulations	N/A	Los Alamos, NM (Canyon School)	Level 2 Elective	001046/0021	None
9/13/10	9/17/10	Acquisition Management for Technical Personnel	32	Las Vegas, NV (NSO)	Level 1 Core Course	000145/0027	None
9/14/10	9/16/10	Environmental Laws and Regulations	N/A	Washington, DC (Headquarters)	Level 2 Elective	001046/0020	None
9/14/10	9/17/10	Advanced Risk Management	25	Aiken, SC (Savannah River)	Level 3 Core Course	001042/0008	None
9/14/10	9/16/10	Project Leadership/Supervision	22.5	Idaho Falls, ID (Idaho Operations)	Level 2 Core Course	001045/0020	None
9/14/10	9/16/10	Contract Administration for Technical Representatives	21	Morgantown, WV (LM)	Level 1 Core Course	000058/0164	None
9/20/10	9/21/10	Effective Program and Project Communication	14	Livermore, CA (Lawrence Livermore National Laboratory)	Level 2 Core Course	001940/0006	None
9/21/10	9/23/10	Acquisition Strategy and Planning	21	Aiken, SC (Savannah River)	Level 1 Core Course	001027/0043	None
9/21/10	9/23/10	Real Property Asset Management	21	Berkeley, CA (Berkeley Site Office)	Level 2 Elective	001183/0018	None
9/21/10	11/5/10	Project Management Systems and Practices in DOE	60	Los Alamos, NM (Canyon School)	Level 1 Core Course	001024/0036	None
	10/19-21/10						
9/28/10	9/30/10	Contract Administration for Technical Representatives	21	Idaho Falls, ID (Idaho Operations)	Level 1 Core Course	000058/0158	Idaho Sponsored ¹
9/28/10	9/30/10	Earned Value Management Systems	21	Aiken, SC (Savannah River)	Level 1 Core Course	001026/0071	None

PMCDP Course Schedule

Start	End	Course	PDU's	Location	PMCDP Info	CHRIS Code/Session	Registration Restrictions
October 2010							
10/4/10	10/7/10	Federal Budgeting Process in DOE	28	Washington, DC (Headquarters)	Level 2 Elective	001034	None
10/5/10	10/8/10	Project Risk Analysis & Management	25	Aiken, SC (Savannah River)	Level 2 Core Course	001033/0028	None
10/13/10	10/15/10	Environmental Laws & Regulations	N/A	Aiken, SC (Savannah River)	Level 2 Elective	001046/0023	None
10/19/10	10/21/10	Performance-Based Management Contracting	21	Richland, WA (HAMMER)	Level 1 Core Course	001951/0007	None
10/25/10	10/29/10	Acquisition Management for Technical Personnel	32	Los Alamos, NM (Canyon School)	Level 1 Core Course	000145/0024	None
November 2010							
11/1/10	12/16/10	Advanced Concepts in Project Management	50	New Orleans, LA (Strategic Petroleum Reserve Office)	Level 2 Core Course	001023/0028	None
	Onsite: 12/7-12/9						
11/2/10	11/4/10	Real Property Asset Management	21	Washington, PA (Holiday Inn Meadowlands)	Level 2 Elective	001183	None
11/2/10	11/4/10	Systems Engineering	N/A	Richland, WA (HAMMER)	Level 3 Elective	001049/0008	None
11/29/10	12/2/10	Planning for Safety in Project Management	25	Los Alamos, NM (TBD)	Level 1 Core Course	001035	None
11/30/10	12/2/10	Executive Communications	N/A	Albuquerque, NM (ETS)	Level 4 Core Course	001031/0023	None
11/30/10	12/2/10	Contract Administration for Technical Representatives	21	Washington, DC (Headquarters)	Level 1 Core Course	000058/0162	None

For the corresponding classes, registration is restricted to the designated organization unless prior arrangements are made with the following individuals:
 Contact Debbie Williams, 208-526-8771, williadb@id.doe.gov

Full PMCDP Course Schedule

For the full listing of FY2010 & FY2011 classes, visit the PMCDP website at http://www.management.energy.gov/project_management/1581.htm and click on the "course schedule" link that appears on the "Training" page.



Questions or Comments?

Please email general questions and comments about PMCDP to
PMCDP.Administration@hq.doe.gov,
or visit our website at

http://www.management.energy.gov/project_management/pm_certification.htm

For specific information, please contact one of the following individuals:

- Victoria (Vicki) Barth, MA ISD - Course Schedule, Certification Review Board (CRB) information, Certification and Equivalency Guide (CEG): Victoria.Barth@hq.doe.gov
- Linda Ott, PMP - PMCDP Curriculum, Auditors and Technical Content Advisors: Linda.Ott@hq.doe.gov
- Steven H. Rossi, P.E., PMP, LEED AP, CCE - PMCDP Newsletter, Continuing Education Units: Steven.Rossi@hq.doe.gov
- Marylee Baker, Lead Professional Career Development Analyst: Marylee.Baker@hq.doe.gov
- Peter J. O'Konski, P.E., CEM, PMP, LEED AP, Director, Office of Facilities Management and Professional Development: Peter.OKonski@hq.doe.gov