EVMS Training Snippet Library:
The Over Target Baseline (OTB) and
The Over Target Schedule (OTS) Implementations

Office of Acquisition and Project Management (APM) MA-60

U. S. Department of Energy

July 2014

Primary Reference

- **Department of Defense (DoD) Performance Assessments and Root Cause Analyses (PARCA) Over Target Baseline (OTB) and Over Target Schedule (OTS) Guide, 12/05/2012**

  http://www.acq.osd.mil/evm/resources/guidance-references.shtml

- **Department of Energy (DOE) Acquisition Guide 43.3 (March 2013)**

  http://www.energy.gov/management/downloads/chapter-43-contract-modifications

Before OTB	
Total Allocated Budget (TAB)	
Contract Budget Base (CBB)	
Performance Measurement Baseline (PMB)	MR

After OTB		
Total Allocated Budget (TAB)		
Contract Budget Base (CBB)		Over Target Budget
Performance Measurement Baseline (PMB)		MR

What is an Over Target Schedule (OTS)?

- **Baseline schedule is time phased beyond the contract completion date**
- **The OTS does not relieve either the contractor or customer from contractual obligations:**
  - Schedule deliveries or completion dates
  - Incentive Fee loss
  - Consideration (penalties)
- **An OTS does not require an OTB; however, normally they are implemented simultaneously**

- **Over Target Baseline**
  - Improve managerial control of the remaining project work
    - Baseline for the remaining work is no longer realistic
    - Performance measurement information from an unrealistic baseline is not valid
    - Managerial focus diverts to the Estimate to Complete

- **Over Target Schedule**
  - Continued sound management practices to complete all required effort beyond the contract / project completion date

An OTB With An OTS
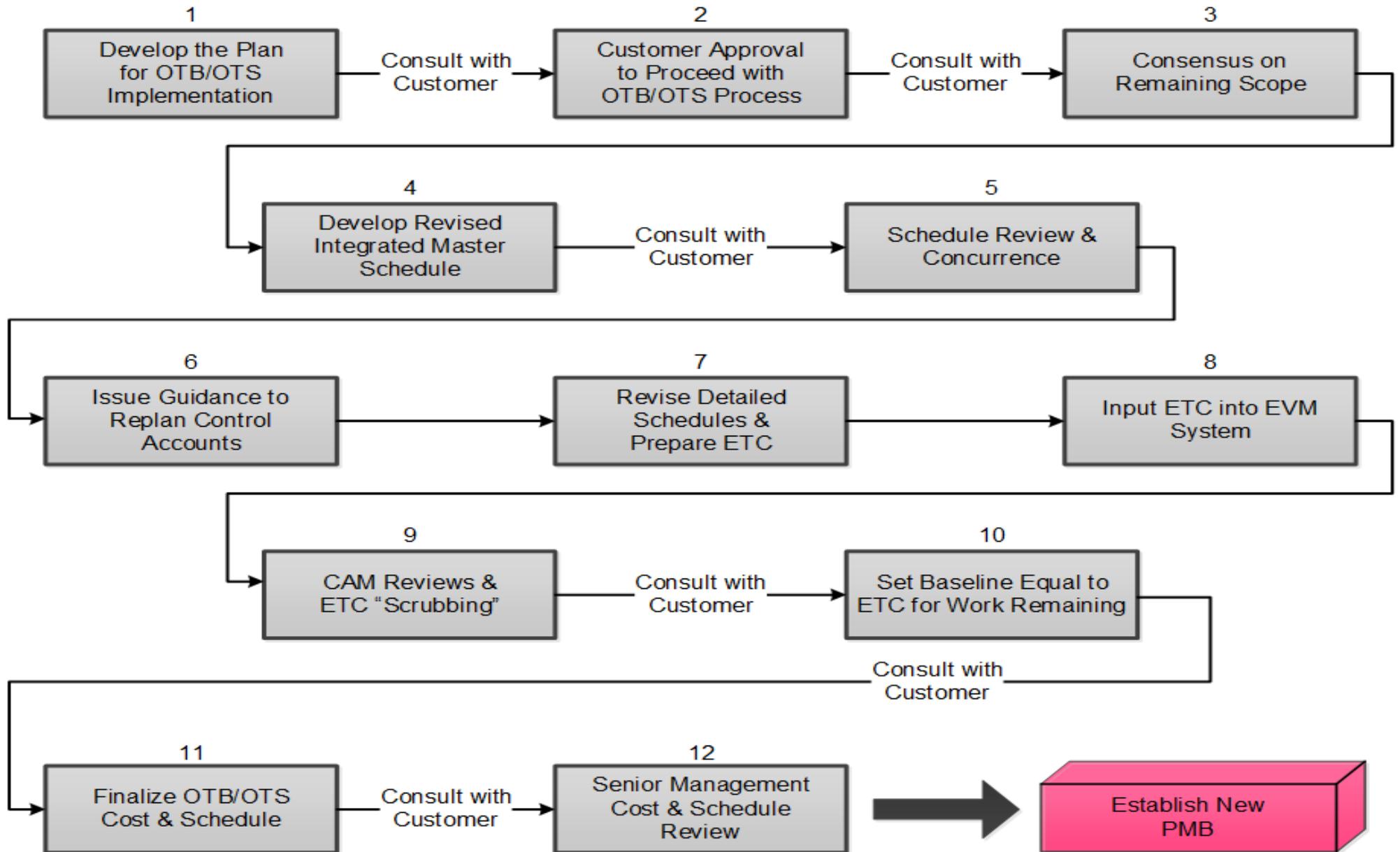
Contractual Actions
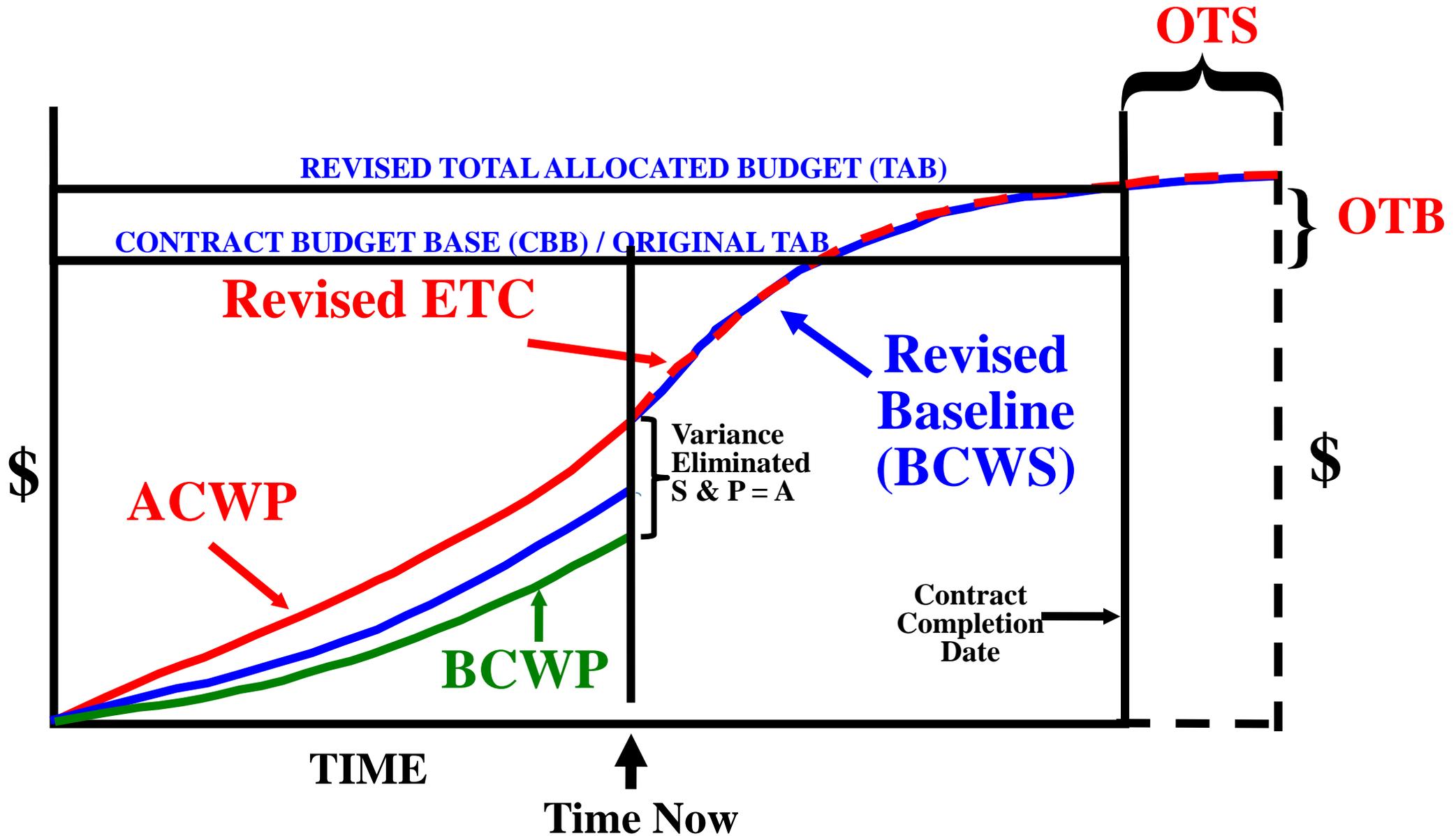
- OTB/OTS is implemented solely for planning, controlling, and measuring performance on already authorized work
- Execution of an OTB must be within DOE's internally approved funding for the project unless supported by contractor investment or BCP executed to increase TPC and available funding
- The CO issues a cost overrun modification to obligate additional funding without adjusting work scope
  - OTB/OTS budgets and schedules do not supersede contract values and the existing project milestone schedule still remains in effect
  - Contractor Is not entitled to more fee under the contract for a cost overrun
  - Does not increase the CBB by the amount of the negotiated cost overrun modification
  - The CO may negotiate consideration via contract change

OTB Rules of Thumb

- **Contract is approximately 20 percent or more complete**

- **The contract has approximately 18 months or more of substantial work remaining**

- **The ETC exceeds the remaining budget by 15 percent or more**

- **Integrated Baseline Review should be conducted**

OTB Process Flow

1	2	3
Develop the Plan for OTB/OTS Implementation	→ Consult with Customer → Customer Approval to Proceed with OTB/OTS Process	→ Consult with Customer → Consensus on Remaining Scope

4	5
Develop Revised Integrated Master Schedule	→ Consult with Customer → Schedule Review & Concurrence

6	7	8
Issue Guidance to Replan Control Accounts	→ Revise Detailed Schedules & Prepare ETC	→ Input ETC into EVM System

9	10
CAM Reviews & ETC "Scrubbing"	→ Consult with Customer → Set Baseline Equal to ETC for Work Remaining

Consult with Customer

11	12	
Finalize OTB/OTS Cost & Schedule	→ Consult with Customer → Senior Management Cost & Schedule Review	→ Establish New PMB

1. Develop the plan

2. Receive DOE approval to proceed

3. Consensus on remaining scope

4. Develop a revised IMS

5. Schedule review and concurrence

6. Issue guidance to replan control accounts

– Issue project directive to CAMs: revised schedule, comprehensive ETC, variance adjustments, etc.

– Adjust Variances

- Eliminate all variances; set BCWS and BCWP = ACWP (least preferred)
- Eliminate the schedule variances only; set BCWS = BCWP
- Eliminate the cost variance only (rare); set BCWP = ACWP
- Eliminate selected variances
- Retain all variances

– Never change ACWP

– Variance elimination actions are always made in the current period; never change history

7. Revise detailed schedules and prepare estimate to complete

8. Input ETC into the EVM System

9. CAM reviews and ETC 'scrubbing'

10. Set Baseline equal to ETC for the work remaining

11. Finalize OTB/OTS cost and schedule

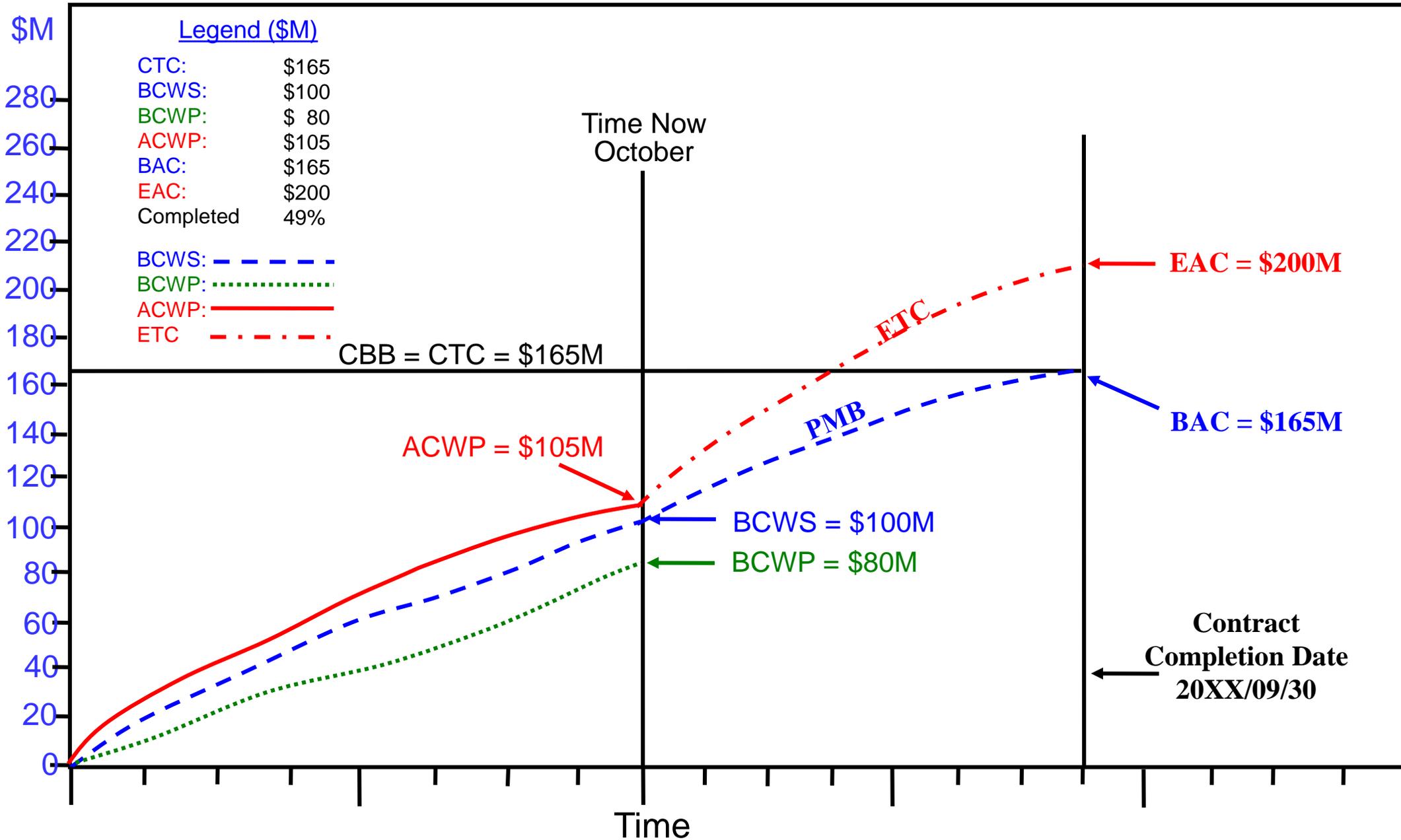12. Senior management cost and schedule review
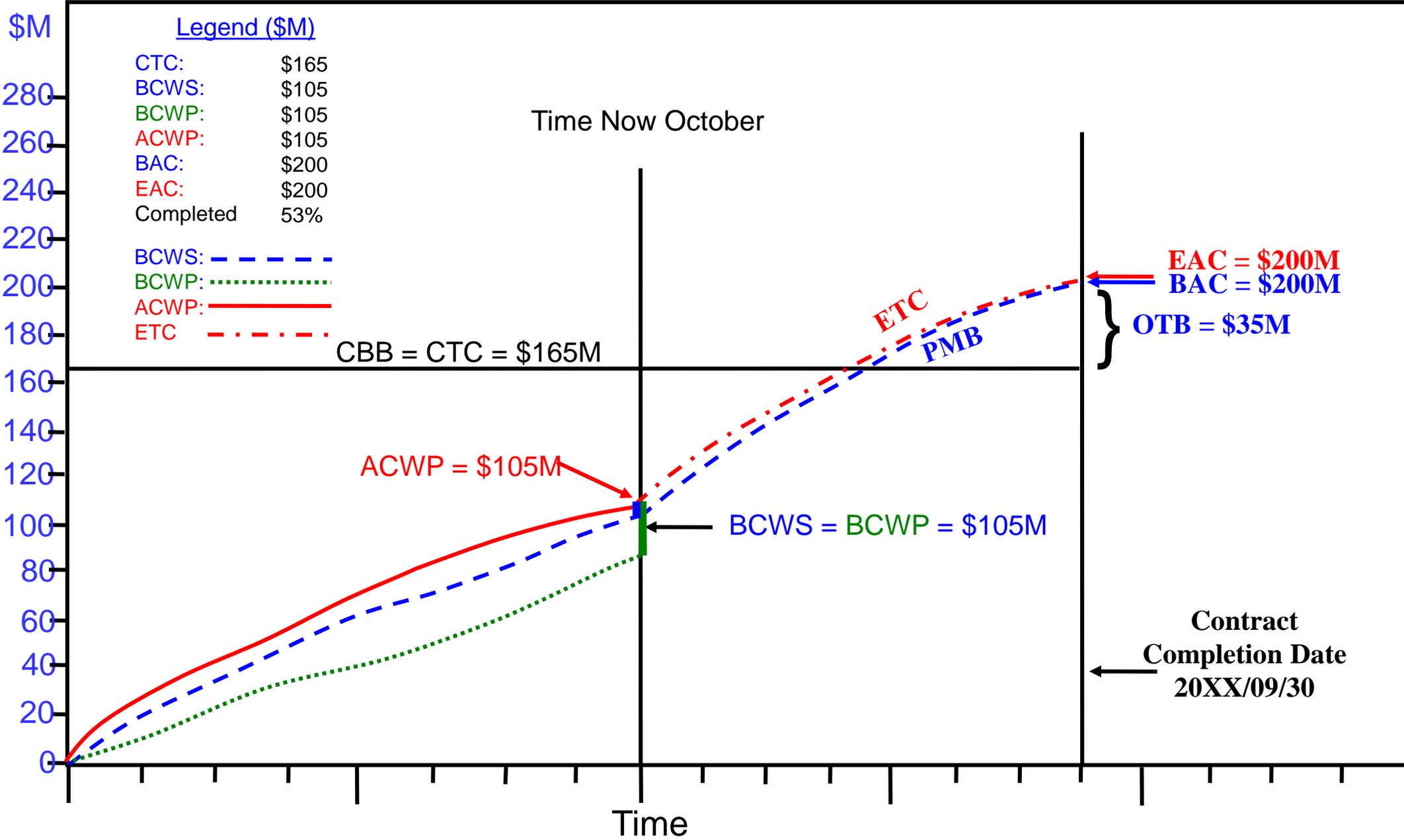
OTB/OTS Example

- **Eliminate Both Cost and Schedule Variances**

  - Least preferred method

- **May require retroactive changes to in-process and completed work**

  – Ensure they are done in the period when the OTB is taking place, i.e. no changes to historical data

- **May require a simultaneous Over Target Schedule (OTS) implementation**

Project Baseline And Status Before Reprogramming

Project Baseline And Status After Reprogramming

$M

Legend ($M)
CTC: $165
BCWS: $105
BCWP: $105
ACWP: $105
BAC: $200
EAC: $200
Completed   53%

BCWS: - - - -
BCWP: ·······
ACWP: ——
ETC — · — ·

Time Now October

CBB = CTC = $165M

EAC = $200M
BAC = $200M
OTB = $35M

ETC
PMB

ACWP = $105M

BCWS = BCWP = $105M

Contract
Completion Date
20XX/09/30

Time

- **Special reporting for an OTB**
  - Blocks are included in the Integrated Program Management Report Format 1
    - Increased budget values are identified
    - Retains visibility of schedule and variance adjustments
- **Reporting discussed in more detail in Snippet 2.1 CPR & IPMR Purpose and Use, Slide 5**
- **Also see reference: DI-MGMT-81861 IPMR DOE Version 20140211**

Post OTB Expectations

- **Executable and achievable baseline plan**
- **Management Reserve budget pool**
- **Renewed "Buy-In"**
- **Meaningful Performance Indicators**
- **Restored Confidence**

Home » Operational Management » Project Management » Earned Value Management

EARNED VALUE MANAGEMENT

Earned Value Management (EVM) is a systematic approach to the integration and measurement of cost, schedule, and technical (scope) accomplishments on a project or task. It provides both the government and contractors the ability to examine detailed schedule information, critical program and technical milestones, and cost data.

- EVMS Surveillance Standard Operating Procedure (ESSOP) - 26 Sep 2011 (pdf)
  - EV Guideline Assessment Templates - (MS Word)
  - DOE EVMS Cross Reference Checklist - (pdf)
  - DOE EVMS Risk Assessment Matrix - (MS Word)
- Formulas and Terminology "Gold Card" - Sep 2011 (pdf)
- Slides from the OECM Road Show: Earned Value (EV) Analysis and Project Assessment & Reporting System (PARS II) - May 2012 (pdf)
- DOE EVM Guidance

EVM TUTORIALS

Module 1 - Introduction to Earned Value (pdf 446.86 kb) July 17, 2003
This module is the introduction to a series of online tutorials designed to enhance your understanding of Earned Value Management. This module's objective is to introduce you to Earned Value and outline the blueprint for the succeeding modules. This module defines Earned Value management. It looks at the differences between Traditional management and Earned Value management, examines how Earned Value management fits into a program and project environment, and defines the framework necessary for proper Earned Value management implementation.

Sidebar navigation:
- Aviation Management
- Executive Correspondence
- Energy Reduction at HQ
- Facilities and Infrastructure
- Freedom of Information Act
- Financial Assistance
- Information Systems
- Procurement and Acquisition
- Project Management
  - Earned Value
  - Lessons Learned
  - Reviews and Validations
  - Documents and Publications
  - RCA and CAP
- Career Development Program
- Real Estate
- History

http://energy.gov/management/office-management/operational-management/project-management/earned-value-management