

Cost Containment Systems

Control & Estimation of Delivery Date/Final Cost



Cost and Schedule Control System Implementation

Case Study

Situation

Department of the Navy was traditionally being held hostage to cost overruns and missed delivery dates for weapon systems by the production contractors. While each contractor had systems in place for such control, the Navy was still in the dark about systems in development stages. Investigation was needed to determine the real situation in the research and production facilities. Engineering changes and system tweaks were being used as excuses to not meet established deadlines and benchmark accomplishments.

Project Objectives

- Analyze the situation for program reporting and inaccurate benchmark management.
- Develop a system which allows independent assessment of deadlines.
- Develop a reporting system to accurately provide current assessment of benchmarks within the development process.
- Set up a project management system that allows overview and feedback from the parties involved.
- End result must provide Navy with an accurate current estimate of progress and a forward looking projection of completion date.

What Steps were taken to attain Objectives

- Researched current and past R&D programs to determine the overall essence of the contractor/Navy relationship.
 - Researched current reporting system from the Navy point of view.
 - Conducted R&D site visits to determine the contractors point of view.
 - Meld the reality/perceptions from both sides into a centered propositional foundation for forward looking reporting.
- Identify the differences from both sides that provide false perceptions.
- Set limits of what constitutes a true change in direction of a R&D program versus expected ongoing redefinitions.
- Reconfigure and standardize the change order process to allow for truer assessments of schedule or cost changes.
- Develop a system that outlines the needed change of direction within a program and defines the impact on the program.

Results

- A documented process was set up to allow onsite visits to Contractor sites by third parties to assess the current situation within a Research and Development program by allowing and incorporating data from the contractor view to more accurately provide reporting for projected estimates of cost and schedule milestones for a specific program.