



## SHIPYARD FINDS EARNED VALUE MANAGEMENT COMPLIANCE AN ONGOING PROCESS

**Todd Pacific Shipyards repairs and overhauls commercial and military vessels of all sizes, including barges, tug boats, fishing vessels, container ships, ferries, cruise ships, U.S. Coast Guard ships, and U.S. Navy combat ships and aircraft carriers.**

### THE CHALLENGE

Earned Value Management (EVM) is not a new concept, having its origins in United States government agencies during the 1960s as a way to ensure accountability among contractors working on long-term, complex projects.

But it was not until 1989, when the Undersecretary of Defense for Acquisition took over responsibility for ensuring EVM compliance that the management methodology gained serious inroads among government contractors. In the first few years of the new century, EVM was becoming standard required practice for companies like Seattle-based Todd Pacific Shipyards, and the ability to handle this project management and reporting methodology was one of the primary things the shipbuilder looked for when it selected IFS Applications to replace its legacy IT systems, going live on their new software environment in 2001. “We did not produce any EVM-style reports before we implemented IFS,” Todd Pacific Shipyards Senior Business Analyst Scott Arndt said. “That was one our goals for our implementation of IFS Applications.”

### THE SOLUTION

While Todd Pacific Shipyards has long been up and running on IFS Applications™, and received a letter of approval from the US Navy for their EVM system in 2003, changes and enhancements are an ongoing process, according to Arndt.

“We made our most recent change a few months ago,” Arndt said, stressing that EVM entails regular dialog with the government customer. “There is an ongoing process involved in order to keep up that certification. A government agency can be expected to continually ask for more and better documentation, and our goal is to deliver on those requests quickly in order to keep them happy. Contractors working within an EVM framework should expect to be asked for continuing improvements.”

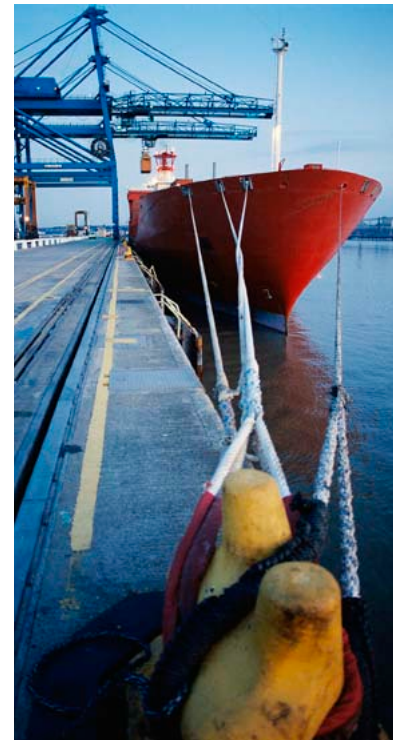
More often than not, ongoing work on an EVM initiative is driven by a desire to eliminate ambiguity in progress reports and provide ever-greater visibility on performance against the budget and timeline.

### COMMUNICATION IMPORTANT FROM THE START

But when it comes to the actual requirements placed upon an EVM contractor, ambiguity as to how to go about meeting the 32 specific EVM requirements is the order of the day, according to Arndt.

### ABOUT TODD PACIFIC SHIPYARDS

Throughout the Pacific Rim, Todd Pacific Shipyards is known for its ability to take on repair, maintenance and building jobs of all sizes and descriptions, do them right, and get them done fast. The company is located in the deep water port of Puget Sound, Seattle, Wash.



“When we implemented IFS Applications, we put a team together with each person filling specific roles,” Arndt said. “I concentrated on figuring out what IFS could do. Our government program manager went through the 39 EVM criteria (the number has since been reduced to 32) to be met, and figured out how to meet those criteria. And one of our government project managers helped validate the data once we started generating reports, to make sure the resulting data made sense. As we saw how the IFS project module works, we saw ways we could leverage it to collect data from our planning software, which happens to be P3, and merge that data with data in IFS Applications to complete the budgeting and progressing necessary for these reports.”

Even at this stage, Todd Pacific Shipyards worked closely with a federal liaison officer to coordinate communications with the Navy contracting officer.

“They would audit our reports and come back with comments about things we needed to improve on,” Arndt said. “Even now we have regular meetings and our liaison officer will make requests on behalf of the government for changes to our reporting.”

In the vast majority of these cases, these changes can be accommodated internally as Todd Pacific Shipyards staff reconfigures or makes changes to their instance of IFS Applications. In some cases, changes to the source code have been necessary, and according to Arndt these changes have been rolled back into the core product in subsequent releases of IFS Applications.

### NON-REGULATORY BENEFITS

Going through the process of implementing EVM practices has brought Todd Pacific Shipyards benefits apart from the immediate priority of conforming to the needs of its government customers.

“At the time we implemented IFS Applications, we had three separate government contracts,” Arndt said. “One of the benefits was that we wound up with a standard report that all three contracts would use instead of each project manager developing a separate report.”

The visibility and real-time project management capabilities that flow from EVM also help Todd Pacific Shipyards with its commercial shipbuilding work.

“Right now here at Todd, we are doing some new construction work on some ferries and determining how we can use EVM on these projects,” Arndt said. “Our commercial side is interested in using some of the same reports and the same thinking. Of course some work is so short term that it does not make sense to leverage EVM. If you are 70 percent done in two to three weeks, it’s not a fit. But for longer term, multi-year projects, EVM can be a big help. A lot of what the government is asking for is not specific to government, but has to do with how you are performing against cost and schedule, and that is something anyone who runs a project would be interested in seeing. Done right, EVM lets you look at a two-page report to see if you are slipping your schedule and cost. We have some reports that just show us the exceptions so we can see those things and get them back under control.”

### BENEFITS

- Todd Pacific Shipyard became certified in Earned Value Management (EVM), the reporting required of federal government contractors.
- Since Todd Pacific Shipyards also takes on commercial contracts, it has found that its commercial business has also benefitted from EVM processes and thinking. The greater degree of project control this methodology brings to the management of large projects is appreciated by commercial customers as well.



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Todd Pacific Shipyards