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# Contract Requirements Management Value Analysis Project Results

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# PLANNED SCHEDULE

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## **Original Work Smart Standards Process**

- 18 Months Start to Finish

## **Value Methodology-Value Analysis Process**

- Completed within 9 months Start to Finish
- ½ time less than the Original effort
- Schedule:
  - Started: August/Sept. 2006
  - Completed: June '07

# COMPLETED DELIVERABLES

(As specified in the Scope Statement Sheet)

- **Alternative Business Cases to produce graded and tailored Contract Requirements and/or Requirements Management Process (Reduce, Simplify or Optimize)**
- **Business Process Function Model for a Requirements Management Process**
- **Selection of new set of recommended standards and requirements for JSA Contract**
  - **Specified selected Requirements and Standards for ES&H (1st Priority)**
  - **Specified selected Requirements and Standards for other than ES&H (2nd Priority)**
- **Delivered Quarterly updates proposing incorporation of revised requirements for inclusion or exclusion to Appendix E**
- **Presented results**
- **Developed Closeout Action Plan defining what, who, and when to complete actions**
- **Completed Executive Summary Report documenting the results of the workshop**

# DEFERRED DELIVERABLES

(From Scope Statement Sheet)

- **Organizational Interface Matrix for Roles, Responsibilities, and Accountabilities, if necessary**
  - Deferred due to time limitations. May be performed Post Project
- **Interface Matrix of Requirements based on Function**
  - Deferred for due to time limitations. May be performed Post Project

# DELIVERABLES TO DOE

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## **Deliverables to DOE were as follows:**

- Primary deliverables as specified in the Scope Statement Sheet to include:
  - Disposition Matrix Spreadsheet
  - Letter and any appropriate contract documentation requesting contract modifications to incorporate requirements to the contract

# VALUE ANALYSIS & QUALITY METHODS

- **Value Methodology/Value Analysis Workshop**
  - Apply Value Methodology
    - Information Discovery
    - Function Analysis
    - Creative Speculation-Brainstorming
    - Evaluation & Analysis
    - Development & Selection
    - Presentation
    - Implementation
- **Quality Methodology-Tools/Techniques**
  - Facilitated High Performance Work Team

# VALUE ANALYSIS & QUALITY METHODS

- **Graded Approach:**
  - Applied Requirements/Directive Analysis Tool developed by JLab to capture information in a Matrix spreadsheet.
    - Dispositioned all applicable requirements based on function and hazards
  - Where applicable apply Hybrid Requirements Based Surveillance and Maintenance approach based on facility type (Similar to Work Smart Standards)
    - Did not fully apply RBSM approach, but considering as a potential Post Project activity.
  - SMEs assigned their specific requirements reviewed and validated directives
  - Justification provided as to why requirements should be accepted, modified, or excluded
  - See Spreadsheet for additional details

# SCHEDULES & MILESTONES

## ESH&Q Phase I

(As specified in the Scope Statement Sheet)

- Completed Process Analysis and Business Model for Managing Requirements by 31-Dec-06.
- Identified and submitted initial pre-screened requirements recommended for exclusion by 31-Dec-06.
- Completed EHS&Q Requirements Analysis between 30-Apr-07 and mid-May.
- Submitted 2<sup>nd</sup> and 3<sup>rd</sup> Quarter Recommendations on schedule.
- Completed Requirements Selection Recommendations by 31-May-07.
- Completed final decision analysis and recommendations by 30-Jun-07.
- Executive Summary Report target complete by 30-Jun-07, Actual complete Mid-July.

# SCHEDULES & MILESTONES

## NON-ESH&Q Phase II

- A parallel team addressed Non-ESH&Q requirements beginning Jan-07
- Complete Non-EHS&Q Requirements Analysis by 30-Apr-07
- Select Requirements by 31-May-07
- Completed final decision analysis and recommendations by 30-Jun-07, Actual completion May, '07.

# PROJECT STATUS REPORTING

- Project Status performed quarterly as specified in the Scope Statement Sheet
- Information available regarding the project at:
  - [http://www.jlab.org/div\\_dept/dir\\_off/oa/jsareq.html](http://www.jlab.org/div_dept/dir_off/oa/jsareq.html)
- Web site contains information captured during workshop sessions
- Updates were made dynamically as SMEs worked on their spreadsheet for conducting the analysis As appropriate, other information will be uploaded to Web site
- DOE Site Office (TJSO) had a permanent team member assigned to the project

# EVALUATION PROCESS & DELIVERABLES

- Evaluated All 81 Contract Directives
  - 2 without CRDs
    - DOE O 435.1 Rad. Waste Management
    - DOE O 5400.5 Rad. Protection of Public and Environment
    - Extracted Embedded Requirements and loaded into Analysis Tool as a Pseudo CRD
    - Recommended DOE consider excluding from the contract since there were no CRDs
    - If recommendation rejected, proposed set of Pseudo CRDs, which applied, for consideration

# PROJECT RESULTS

- **79** Original directives at the start of the contract, plus **2** which were added during the Requirements Analysis Workshops resulted in the **81** total directives figure.
- An Additional **29 “NON-Contract” Directives** were reviewed
  - Some requested by DOE
  - Directives referenced or incorporated by references from other Orders/Directives
- **Evaluated approximately 620 CRDs from all Directives**
  - **227 Total CRDs proposed for exclusion or 37%**
    - 123 CRDs from Directives with a CRD
    - 109 Pseudo CRDs from Directives without formal CRD
  - **393 Total CRDs proposed for inclusion or 63%**
    - 323 CRDs from Directives with a CRD
    - 70 Pseudo CRDs from Directives without a formal CRD
  - Note: Proposing only Contract related CRDs and Pseudo CRDs, holding Non-Contract CRDs from recommendation
- **34 out of 81 Contract Directives**, or about **42%**, which were originally in Appendix E, Section J, List B are recommended to remain in whole or part.
  - **21 Directives concurred for total inclusion**
  - **13 Contract Directives CRDs or Pseudo CRDs for partial inclusion.**
- **47 of 81 Directives** recommended for exclusion, or **58%** of the total number of the original set of Contract Directives.

# PROJECT RESULTS

- The population of **29 "NON-Contract" Directives** will be summarized separately.
  - A few found to apply but were contained in Manuals without CRDs.
  - These deferred back to specific contract clause's and therefore were not recommended for contract inclusion
  - These aspects of applicability will be used as part of Contractor's "How To" relative to performing the function as described in the Contract Clause.
  - Will wait for DOE to request results from this aspect of the effort through the normal contract management process

# EVALUATION PROCESS & DELIVERABLES

- **1<sup>st</sup> Quarter FY07 Deliverable**
  - Proposed 10 Contract Directives which were either expired, canceled, or clearly didn't apply.
  - 9 of 10 Accepted by DOE Site Office
  - Modification issued to delete first set of 9 Directives

# EVALUATION PROCESS & DELIVERABLES

- **2<sup>nd</sup> Quarter FY07 Deliverable**
  - 15 Directives Submitted for Exclusion/Waiver
  - 5 Directives with Partially Applicable CRDs Submitted for Exclusion/Waiver
    - 106 CRDs reviewed
    - 56 Recommended for Exclusion
    - 39 Recommended for Retention

# EVALUATION PROCESS & DELIVERABLES

- **2<sup>nd</sup> Quarter FY07 Deliverable**
  - 2 Directives Without CRDs Submitted for Exclusion (DOE O 435.1 & 5400.5)
    - Extracted Embedded Requirements as Pseudo CRDs
    - Evaluated Pseudo CRDs
    - Proposed Excluding Orders because there are no CRDs
    - If DOE rejects proposal to Exclude Orders, then proposed 106 of 150 Pseudo CRDs for exclusion and 44 for inclusion

# EVALUATION PROCESS & DELIVERABLES

- **3<sup>rd</sup> Quarter FY07 Deliverable**
  - 24 Directives recommended for exclusion from the contract.
  - 8 directives containing some CRDs recommended for exclusion.
    - 166 CRDs were reviewed
    - 83 recommended for exclusion.
    - 83 recommended for retention in the contract.

# PROJECT RESULTS

- **Estimated Potential Cost Avoidances:**
  - **Estimated First Year Cost Avoidance:**
    - ~ \$ 11M
  - **Estimated Contract Life Cost Avoidance**
    - ~ \$ 53M
    - Or approximately ~ \$ 2.65M per year
    - Not adjusted for escalation or NPV
  - **Cost to perform the Study:**
    - **Total Estimated Costs** ~\$142 K
      - JSA Employees ~ \$50K
      - Contractors \$92K
      - Note: Captured JSA costs under separate charge code
  - **First Year ROI ~ 78:1**
  - **Contract Life Cycle ROI ~ 373:1**

# PROJECT RESULTS

- Cost Avoidance Calculations:
  - Various Methods and Cost Basis Used
    - Refer to information contained in report
    - E.g. Reduced cost of Assessments
      - For each requirement removed, it eliminates the need for assessment.
        - » Each assessment ~ \$8,500.00 - \$20,000.00 depending on type and level of involvement.

# PROJECT RESULTS

- Of 63 In-Session Actions, 61 are complete and 2 are deferred as Post Workshop Actions; An additional 4 Memory Ideas were converted to Post Workshop Actions; 5 Issues/Concerns deferred as part of Path Forward Actions.
- 14 quick hit opportunities were brainstormed early in the 1<sup>st</sup> quarter related to Requirements that don't apply or where Orders have been canceled or expired.
  - 14 were analyzed, evaluated, and dispositioned
  - 10 recommended to exclude from the contract
  - 9 recommendations were accepted for exclusion and contract modification issued
- 15 Memory Ideas for Improvement and 24 Issues/Concerns were dispositioned during the closeout workshop sessions.

# NEXT STEPS

- DOE is currently evaluating recommendations from 2<sup>nd</sup> and 3<sup>rd</sup> quarter submittals
- Rejection and Conditional Approvals for Exclusion will be discussed through an Issues Resolution mechanism prior to final decision to reject or accept recommendations
- Submittal of an Amended report and additional cost avoidances from the 29 Non-Contract Directives once DOE makes an official inquiry through Contract Officer.
- After Directives are Modified into the Contract:
  - Develop Implementation Plan
  - Form Implementation Team
    - Consider conducting Requirements Based Surveillance and Maintenance (RBMS) analysis
  - Update, Revise, Modify Procedures and Process