Table of Contents

Introduction ..... *I*

Chapter I

Project Planning for Earned Value Management *1*

1 Tools for preparing EVM **9**

1.1 Scope the project and create the WBS 9

1.2 Planning and Scheduling 11

1.3 Project Budget 17

1.4 Project Baseline 24

1.5 Risk Management 25

1.6 Change Management Process 26

1.7 Conclusions 27

Chapter II

Defining the three Basic Parameters of Earned Value Management *29*

2 What is the project's time-phased budget? **31**

3 How much of the planned work has been done? **31**

4 How much do we pay for the work that has been done? **32**

5 Planned Value, Earned Value, and Actual Cost **34**

6 Project "LDC" - PV, EV and AC **38**

Chapter III

Analyzing Schedule and Cost using Earned Value .. *43*

7 Questions to Answer **45**

8 Schedule Variance (SV) **45**

9 Cost Variance or CV **48**

10 Time Based Schedule Variance **50**

11 Variances and Project Status **52**

12 Project "LDC" - SV and CV **53**

Chapter IV

Measuring and Reporting Project Performance *55*

13 Efficiency **57**

14 How efficiently are we using time? 58
15 How efficiently are we using our money? 59
16 Performance Indices and Project Status 61
17 Project "LDC" - SPI and CPI 62

Chapter V
Forecasting Duration and Cost using Earned Value Management 65

18 When will the project probably be completed? 69
18.1 Percentage complete approach 69
18.2 Money based approach 70
18.3 Time based approach 70
18.4 Using the project schedule and Gantt Chart 72
18.5 Comment 72

19 What will the project's final cost? 74
19.1 Project Manager's official estimate 74
19.2 Mathematical estimate 74
19.3 Estimate with constant cumulative cost efficiency 76
19.4 Estimate with schedule and cost position 77

20 Alternative ways to estimate the project final costs 78
21 To-Complete Performance Index 79
22 A probabilistic approach to estimate the project final costs 82
23 Project "LDC" - Forecasting in terms of schedule and cost 87
23.1 Calculation of the Estimates at Completion 88
23.2 Using PERT to calculate the Expected Cost 91
23.3 β-distribution for project LDC at 9^{th} period 92

Chapter VI
Information Gathering for Earned Value Management 93

24 Documents available after project planning 97
25 Ways to get information 97
25.1 Team meetings 98
25.2 Forms and Templates 99
25.3 Management by walking around 99
25.4 Software and systems 101
25.5 Informal communication 102

26 Getting the "good" information 103
27 Gathering Information 105
27.1 Schedule 106
27.2 Cost 107
27.3 Functionality 107
27.4 Quality 108

28 Reporting sheets 108

Chapter VII Comments and Conclusions 111

29 The dangers of extrapolation 117
30 Estimating Project Duration using EVM 117
30.1 Use Money or Time as reference? 117
30.2 Is the SV or SPI really showing us bad performance? . 118
30.3 Do we really have to take action? 121

31 Estimating Project Costs using EVM 123
31.1 On Schedule 124
31.2 Behind Schedule 124
31.3 Ahead of Schedule 125
31.4 On Budget 126
31.5 Over budget 126
31.6 Under budget 127

32 Final Conclusion 128

Annexes 129
Annex 1 – Abbreviations 131
Annex 2 – Definitions 135
Annex 3 – Symbols and Formulas 143
Annex 4 – Project Widgets 148
Annex 5 – Project LDC 157
Annex 6 – Beta function 177
Annex 7 – Triangular Distribution 181
Index 185
Bibliography 189