

ANALYTICAL TECHNIQUES

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PMGT 690

JANUARY 2016

Best Practices

The main purpose of earned value analysis is to measure continuous project performance and predict the final cost and schedule results. The earned value analysis displays the performance trends on the project. It allows calculations to occur at the project level as well as the detail level and can display different categories of performance (Dow & Taylor, 2008). The key to accomplishing the analysis is to measure the actual effort of work versus the baseline. This will give you a snapshot of current performance and show any possible future trends.

One of the primary best practices is to conduct an earned value analysis. The earned value analysis tool can generate earned value S-curves, which are great for presenting the true performance of your project (Dow & Taylor, 2008). Earned value management (EVM) delivers three distinct values for those who fully understand how to use it: The first and primary benefit is the ability to predict project success or failure early enough in the project to implement successful corrective actions. The second value is permitting simplified reporting. The third benefit is the capability to forecast cash flow requirements (Fostel, 2011).

Earned value reporting can be delivered in various ways. Some of these reports include, cost variance report, cost performance index report, schedule variance report, schedule performance index report, s-curve report, schedule and cost forecasting report. These reports should be used and distributed based on your stakeholder/project communication plan. However, before sending out your reports you should consider the data that is being presented before you. Since you will have the earned value data before anyone else, you should take the time to make any corrective actions that are necessary in order to mitigate the need to report discrepancies. The earlier the corrective action is taken, the less it costs (Fostel, 2011).

In order to master the earned value analysis process you must be able to complete the following steps. First, ensure there is a project schedule created and maintained on the project. Second, ensure you cost load the original project schedule. Third, create a baseline schedule from the original schedule. Fourth, create a list of performance planning questions to help you focus your earned value reporting. Finally, ensure you understand the required earned value calculations and what the data is reporting. Once you have completed these step you can create your earned value analysis tool that will help you with project success.

References

A guide to the Project Management Body of Knowledge (PMBOK guide), fifth edition (5th ed.). (2013). Newtown Square, PA.: Project Management Institute.

Chris Fostel. (2011). *The Value of Earned Value Management*. Dallas, TX.: PMI Global Congress Proceedings.

William Dow & Bruce Taylor. (2008). *Project Communications Bible*. Indianapolis, IN.: Wiley Publishing, Inc.