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Chapter 1 : The Advantages of Using Earned Value Management | www.nxgvision.com

Earned Value Management disadvantages and drawbacks 1) While doing earned value analysis, we don't take quality into consideration. It may be possible that our project is scoring high on earned value performance scale, but the quality of work is below par. Quality is an important criteria in any project, and unfortunately it is not considered.

Estimate at Completion Estimate at Completion is the total expected budget for the project. In four different situations, you can calculate the Estimate at Completion. Please refer my blog post on Estimate at Completion for more details. Estimate to Complete Estimate to Complete is the amount of money from a given point which tells you how much it will cost you complete the rest of the work. Estimate to Complete can be calculated in three different scenarios. Please refer my blog post on Estimate to Complete to read about it in more detail. Variance at Completion Variance at Completion tells you how much you are under budget or over budget when the project completes. It is the difference between the Budget at Completion and the Estimate at Completion. TCPI can be calculated by dividing the remaining work by the remaining funds. Benefits of Earned Value Management There are immense benefits of Earned Value Management for project managers, sponsors, clients, and organizations. EVM gives you better control over the project constraints such as scope, cost, and schedule. You can identify the problems in the early stages of the project and manage them proactively. The following are a few benefits of Earned Value Management: It improves planning processes and relates time-phased budgets to the project tasks. It improves communication and project visibility which helps prevent scope creep. It helps you identify the potential risk areas. Therefore, many PMP aspirants find it difficult and ignore it. However, if you understand the concept of Earned Value Management, these calculations are not really as difficult as they appear to be. It shows you the current status of the project, tracks actual progress with the planned progress, answers various performance related queries such as whether you are under budget or over budget or whether you are ahead of schedule or behind schedule, etc. If you have any comments or questions, you can do so in the comments below.

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Chapter 2 : Economic Value Added (EVA) â€“ The Measure of Real Wealth Creation

Advantages of Earned Value Management. The first and foremost advantage earned value management is that it helps the management in seeing that whether the project is going on track in terms of work progress and also on budgeted line or not.

Penna Sparrow What is earned value analysis? Earned value analysis is an approach for measuring how much work has been completed in a project at given point of time and performance. This analysis can be done by calculating how much time, the work has taken and the resources it has utilised. These values are then compared with the planned values of time and resources. If the time taken to do the particular task is greater than what was planned, it means that the project is running behind schedule. Similarly, if the resources utilized are more than what were planned, it means the project has not been managed efficiently in terms of resources. Formally, Earned value analysis may be defined as a tool to objectively measure project performance by integrating scope, time and cost data. Earned value management also provides a means to forecast future performance based on past performance. Earned Value Terminology Earned Value Analysis EVA - It is a quantitative technique using which we can evaluate the performance of project and predict the final results, for this we compare present progress and cost incurred to planned estimations. It is the most comprehensive trend analysis technique. It is used as a forecaster and tracker for measuring the progress of the project in terms of work done and resources utilized. It should be noted that both these terms work done and resources utilized are inter-related when it comes to execution of a project. A baseline original plan plus approved changes can determine how well the project is meeting its goals and baseline acts as a benchmark. Earned value technique compares the cumulative value of the budgeted cost of work performed earned at the original allocated budgeted amount to both, the budgeted cost of work scheduled planned and the actual cost of work performed actual. Actual information must be entered periodically to use Earned Value Analysis: A "threshold" or tolerance point for the constraints in a project - time, cost and scope may be kept. Actual values should be kept below the tolerance levels. If the project constraints exceed these threshold values, it acts as a "danger sign" and required steps should be taken to address it immediately or at least some changes be made in the future plans to accommodate the discrepancies without much hassle. Earned value analysis includes some easy mathematical formulae, based on common sense. Why is Earned Value Analysis done? Focusing on both the parameters is a difficult but a necessary task. Without monitoring and controlling the project, it is nearly impossible to complete it within the scope, time and cost. Compromising on one of these three factors leads to the over utilization of other s , which is not desirable and may lead to contractual penalties. To complete a project in the given timeframe and within the given resources, it is necessary to plan for their judicious use, not only at the beginning of a project but also during its execution. This is essential to make the project adapt to external changes and absorb irregularities in the schedule. This is where Earned Value Analysis comes into the picture. It is used as a tool for cost control as it is very helpful in determining how the project is going, in terms of cost, scope and time. That is, whether the cost is under control and if it will go over our planned budget or in how much time the project would be completed if we continue working at the same pace. Thus Earned Value Analysis is helpful to plan and make changes in our plan depending on the current scenario and other internal and external factors which may influence the project later on. Note that Earned Value Analysis calculations for any project can be done at any point of time, but if we are not using earned value management, we might not get accurate results.

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Chapter 3 : Pros and Cons of Earned Value Management on Agile Projects

Earned Value Analysis (EVA) is a favorite yet controversial tool for project management that provides an objective measurement of project performance in terms of its scope (tasks), schedule (time) and budget (cost).

As a proven methodology, earned value is used by many organizations across the country, including the Federal Government. As a project manager, you need to be able to do this on a consistent basis. Earned Value Management offers you precisely that ability. Earned value management has been around since the late s. Now, NASA uses earned value as a means of keeping projects on schedule and within budget. But, what exactly is earned value management? Earned value allows you to measure the progress of a project objectively. With earned value, you can identify projects in as little as15 to 20 percent of the way into a project. You can figure out whether or not you are going to be on budget or on schedule within a ten percent deviation range. Earned value works especially well with large projects since it breaks them down in manageable chunks. Earned value is divided between cost variance and schedule variance. The schedule variance compares the cost of the work performed to the cost of the work scheduled. Your results from erned value analysis can be calculated in either time or monetary quantifiers. When these figures are calculated, you will have a better picture of whether or not you are on schedule, on budget, or both. Remember earned value is calculated during the early phases of project management when it is easier to make adjustments to ensure project success. There are tools and software on the market that project managers can utilize to calculate and track the earned value of their projects. Before you begin implementing earned value, you must initially have a stable budget in place. A good budget relies on a reliable project management methodology. This involves completely sketching out the project and distributing the work evenly. The main advantage of earned value management is that you can anticipate when a delay may occur and prevent it. This allows you to consistently more projects on budget and on time more often. This "early-warning system" allows project managers to take action to prevent over-spending, and to stay on schedule. In other words, the sooner something can be done about the problem, the better. Another advantage of earned value is that it forces employees and managers alike to accurately report their outcomes. If you put the outcomes on a timeline where everyone can see the results, those with positive performance will be encouraged to keep up the good work while those in the negative area will want to improve their scores. It allows you to have an early warning system to identify and correct problems before the project is due. This will prove to your client that you have a reliable management methodology in place.

Chapter 4 : Earned Value Management (EVM) Analysis in Project Cost Management

"The Advantages of Using Earned Value Management." Earned Value Analysis. Disadvantages and Advantages in Budgeting a Project Task;.

Chapter 5 : Advantages And Disadvantages Of Evm & Cvm And Risk Management And Estimating | Resea

Earned value is one agregate of the Monitoring and Information Systems. Earned value is the completed works (% exact measured quantity), at a define time of the project life cycle, multiplied by the unit rate or price (as estimated and budgeted at the begginning of the project). There are.

Chapter 6 : Earned Value Analysis ~ I Answer 4 U

Earned Value Management compares actual performance to planned performances; however, it does have limitations. Determine in advance how you plan to use this tool to advance your project and relay information so you are not wasting *essential time over analyzing the chart.*

Chapter 7 : Earned Value Managementâ€”An "Overhead" View (PART 2: EVM Drawbacks and Benefits) -

The solution provides a brief description of the advantages and disadvantages of EVM. An example is also provided pertaining to why federal government has discontinued the use of cost plus contracting in most cases and adopted EVM.

Chapter 8 : Variance Analysis Advantages & Disadvantages

Cost Value Analysis weighs total cost estimate and compares with total estimated value of one or more actions. After considering cost of value is worth cost that is used for contrast and degree buying competing in options.

Chapter 9 : Value chain analysis: What are the advantages and disadvantages? | Investopedia

Earned Value Management Systems (EVMS) often produce valuable insight to organizations. However, many find it difficult to empirically quantify the financial benefit of implementing an EVMS. Let's explore the qualitative benefits of EVMS and determine if it is more beneficial to implement an EVMS or stay with traditional project management.