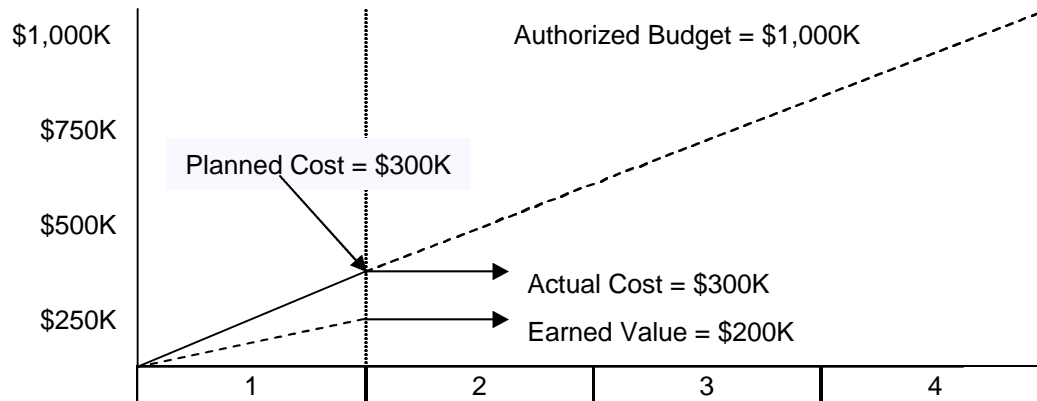


Earned Value Management In One Slide



Traditional Project Management

Planned Cost = \$300K
 Actual Costs = \$300K } Variance from Plan = (\$0K)

Earned Value Project Management

Planned Cost = \$300K }
 Earned Value = \$200K } SV = BCWP-BCWS: Schedule Variance from Plan = (-\$100K)
 Actual Cost = \$300K } CV = BCWP-ACWP: The *true* cost Variance = (-\$100K)

This is a simple project in which the first reported period has completed.

\$300K was planned to be spent, \$300K was actually spent, but only \$200K of physical progress has been made.

In the *traditional* project management method, “we’ve spent to our plan,” so we’re right on track. We’re OK.

In EV “we’ve spent to plan, but under-delivered, by \$100K. We’re in trouble.

Now we need to increase our efficiency just to get back on track and increase even more to stay ahead.

By reducing the reporting period to finer and finer granularity, software development methods like Extreme Programming and SCRUM can be laid over the Earned Value system. Adding Testable requirements to these methods re-connects EV with agile development, closing the loop between traditional and agile