

Is There Really any Value in Earned Value?

Written by Andrew Miller

Andrew Miller's Blog. Each month Andrew will shares his views, observations and thoughts on project management – and would like you to share yours.

Earned value “compares the value of the budgeted cost of work performed at the original allocated budget amount to both the budgeted cost of work scheduled and to the actual cost of work performed.”¹ Boy, is that a mouthful or what. Right off the bat I am confused about what that actually means. After reading over the definition six or seven times, I came to understand that earned value shows where you are versus where you should be on your project, with respect to cost and schedule. This is a truly valuable measurement because it gives you a snapshot of how you are tracking as compared to your original plan and budget.

So what is the problem you may ask? The problem comes not in the measurement itself, but in the work involved to get to the measurement. How do you calculate earned value? Well simple, just multiply the percentage of your project plan tasks completed by the Budget at Completion (BAC), and presto, you have earned value. By looking at the equation, it seems simple enough, right? But what the equation does not show is the amount of work required to get an accurate Percentage Complete value. This means not only developing a detailed project plan, where every task must have an estimate as to the number of hours it will take to complete that task, but the actual hours spent on each task need to be tracked and recorded. I have tried this and it is not an easy job. It is very difficult when managing a large project with many resources to have your entire project team track the amount of time that they spend for each task they work on. I have tried time sheets, update meetings, time-tracking software, but something always seems to get missed. Not to mention the fact that, as we all know, tasks are always being added to the project plan as the project moves forward. It is impossible to identify every task to be completed before the project has even started.

I think earned value is a valuable measurement to show executives and senior management, but it is labor intensive to create and I personally would rather spend more time managing the project than collecting the number of hours my team has worked. We do not always have the luxury of a Project Administrator or Project Coordinator to collect and track hours for us...

¹PMI PMBOK, 3rd Edition

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