

# Re: Earned value and project management deliverables

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- *From:* "Steve House [Project MVP]" <[sjhouse.remove.this@xxxxxxxxxxxxxxxxxxxxxx](mailto:sjhouse.remove.this@xxxxxxxxxxxxxxxxxxxxxx)>
  - *Date:* Sat, 30 Jul 2005 07:31:05 -0400
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Couple of comments

I think of "budget" for earned value purposes as meaning "projected actual cost" and not an amount we're allowed to spend by senior management - bottom up as opposed to top down budgeting in other words. As I just posted in another thread, if your task is to produce 100 fids, you estimate it will take 40 man-hours and your resource costs \$10/hour, the BAC is really measuring the projected cost per fid, \$4.00 in this case. BCWS is the estimated cost of the number of fids you expected to make by the status date, BCWP is the estimated cost of the number of fids you actually DID make by the status date, and ACWP is the amount you actually PAID to make the number of fids completed.

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Visit <http://www.mvps.org/project/faqs.htm> for the FAQs

"John" <[mjensen@xxxxxxxxxxxxxx](mailto:mjensen@xxxxxxxxxxxxxx)> wrote in message  
[news:mjensen-40561B.09474119072005@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:news:mjensen-40561B.09474119072005@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)

In article <D3F3252D-1EFA-4B7E-A40F-8379B8169827@xxxxxxxxxxxxxx>, Jan M. <[JanM@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:JanM@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)> wrote:

John,

what did you do to make sure BWCP equals BWCS in MS Project? I thought of using Tools/Tracking/Update project/Update work as complete to.../Set 0%-100% complete/Selected tasks. Is that the way you did it?

## Re: Earned value and project management deliverables

My only problem right now would be with people not statusing LOE tasks. I understand LOE tasks should be given credit simply by existing: this is fine as far as earned value calculations are concerned, but what about tracking actual hours worked? Don't they affect your budget? And this info should prove useful for future planning. How did you manage that?

Thanks.

Jan M.

Jan,  
Sorry for the delay in responding - other priorities got in the way.

The best method for updating an LOE task is to use the process you mentioned (i.e. Tools/Tracking/Update Project). If you have a lot of LOE tasks, you could apply a filter for them and then update them as a group.

Actual Work (or Actual Cost) in Project is really a misnomer, at least in my opinion. It is a calculated field based on the Work and the % Work Complete values input by the user. It should as a minimum be a user input field. I think Microsoft tried to somewhat counter this issue by adding the % Physical field in Project 2003. I haven't studied or used it enough to know if it helps.

At our company, our total earned value analysis was actually done in another application - Microframe's MPM. The basic Project data was planned in Project and then uploaded to MPM at the program start. Cost Account Managers (CAMs) tracked their progress in their Project file and then on a monthly basis status data was uploaded into MPM and combined with actual data from the timekeeping system to calculate earned value metrics. Therefore, we in fact did have "actual" work and cost. If I were trying to do everything in Project, I would probably first take a hard look at whether % Physical Complete could help or more likely, I would use custom fields (with formulas or VBA) to input actual data and calculate earned value metrics.

Actual values do not affect the budget but they do effect how much of the budget is remaining. In our world, budget is a fixed value determined by customer/management/CAM negotiations. It is the top level

## Re: Earned value and project management deliverables

baseline value for each CAM's part of the overall program. Actuals go against the budget and in the end determine whether the task came in on, over, or under (atta boy!) budget. If necessary, and a valid case can be made, the CAM can formally request a budget increase (i.e. increased scope, unknown unknowns, etc.). In some cases, "unused budget" is taken from one CAM and given to another CAM, using very formalized rules and customer approval.

One of the best tools I had for estimating a new program was historical data from previous programs. This consisted of data from our accounting system and was in the form of actual hours against a particular charge number. With that data, all I had to do was present a reasonable relationship for a complexity factor. For example, on a previous program if it took 10,000 hours to design a widget, I might say that on the proposed program the widget is 1.5 times more complex and therefore will take 15,000 hours. Historical data is great. It may not mean much for predicting in the stock market, but for tangible labor effort, it is invaluable.

Hope this helps.

John

Project MVP