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Earned Schedule

an emerging enhancement to Earned Value Management

Walt Lipke

Oklahoma City Chapter

PMI (USA)

Importance of Schedule

"We need to maintain our attention on schedule delivery. Data tells us that since July 2003, real cost increase in projects accounted for less than 3 percent of the total cost growth. …*Therefore, our problem is not cost, it is SCHEDULE*."

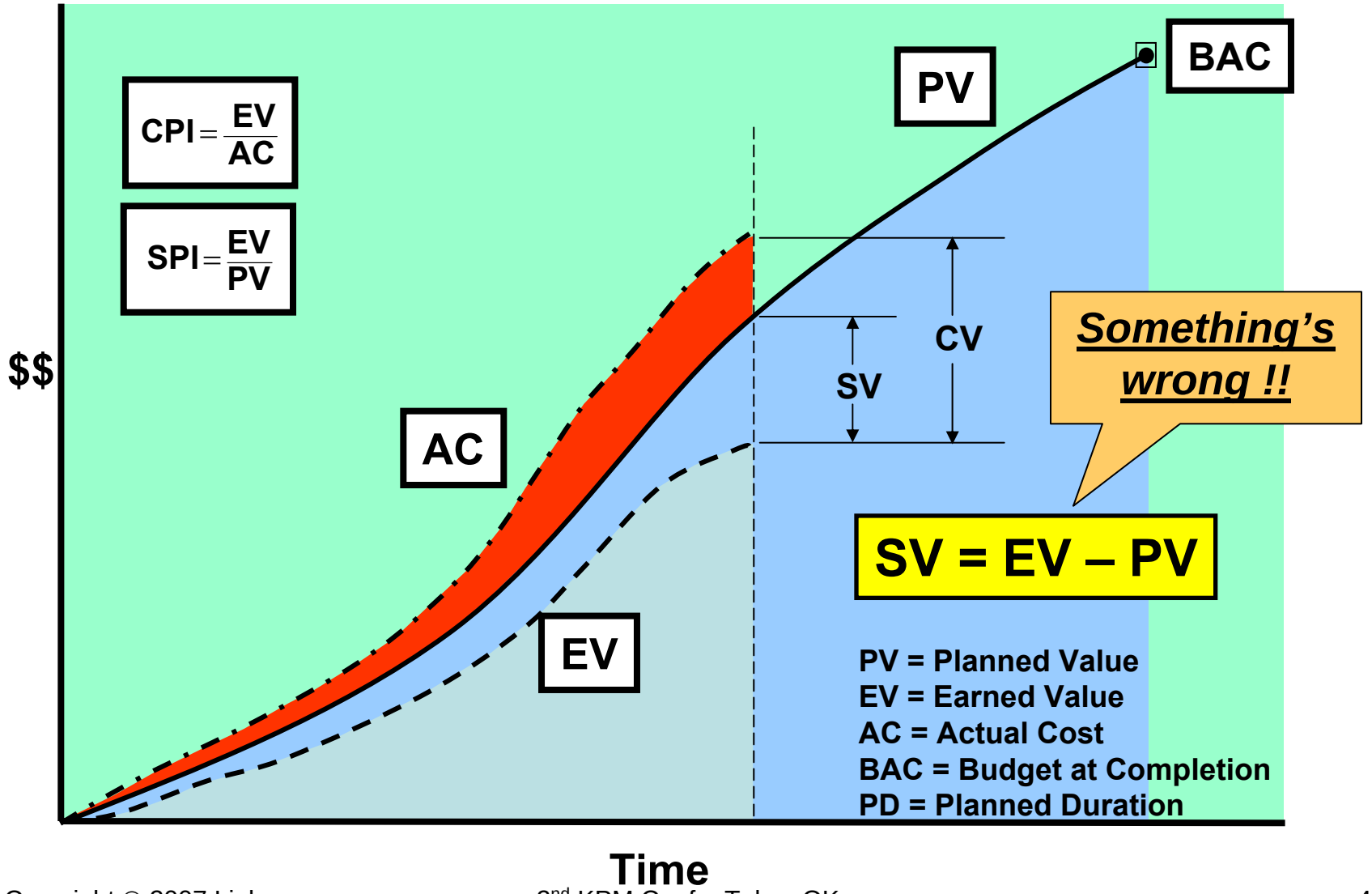
- Dr. Steve Gumley, CEO
  Defence Materiel Organization (Australia)

Quote taken from DMO Bulletin, July 2006, Issue 61, page 3

Overview

- Introduce the Earned Schedule Concept
- Develop the Schedule Indicators
- Apply to Project Duration Prediction
- Apply to Schedule Analysis

Earned Value Basics

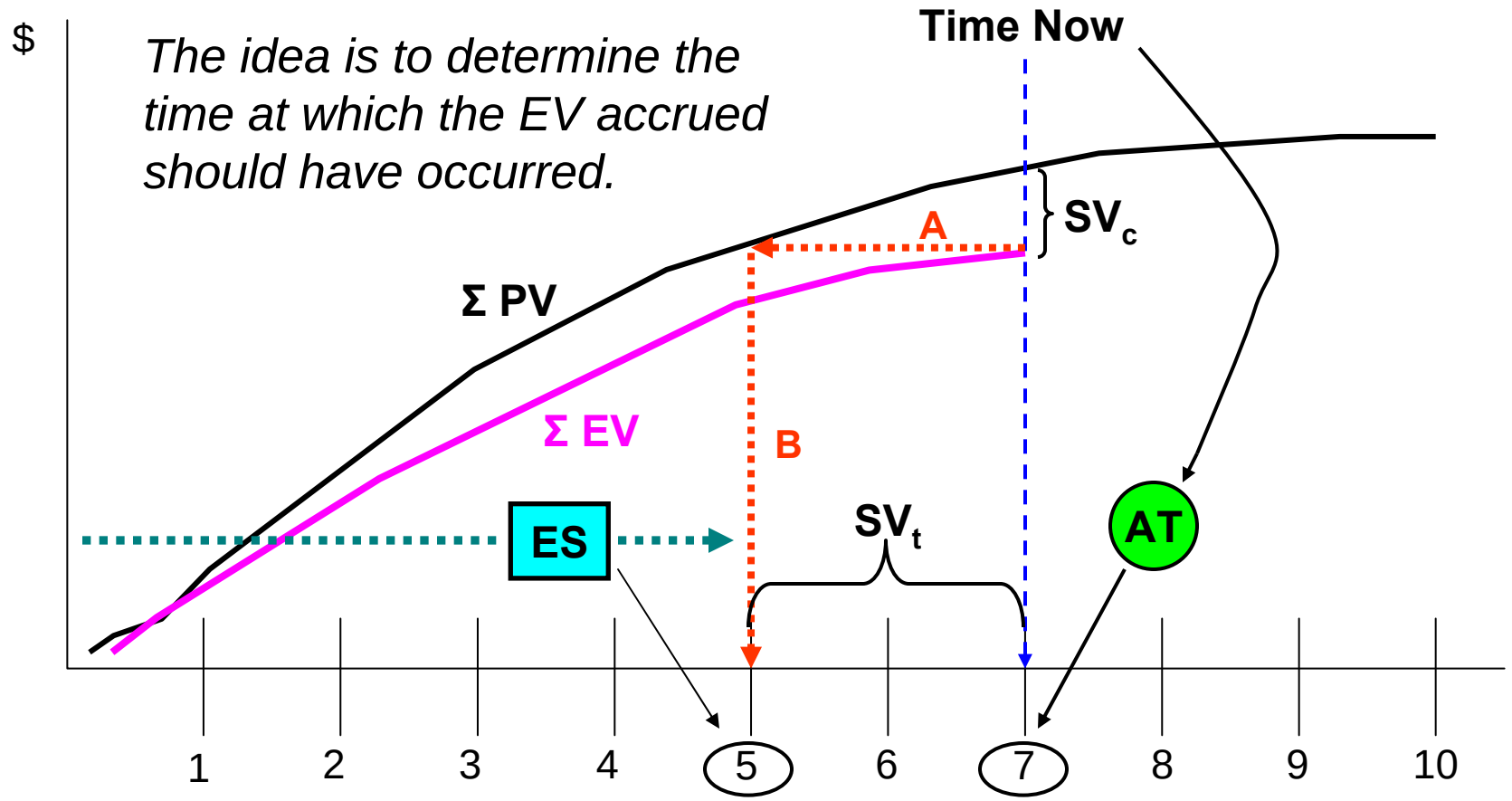


EVM Schedule Indicators

- SV & SPI behave erratically for projects behind schedule
  - ***SPI improves and equals 1.00 at end of project***
  - ***SV improves and concludes at $0 variance***
- Schedule indicators lose predictive ability over the last third of the project
- Why does this happen?
  - SV = EV – PV
  - SPI = EV / PV

At planned completion PV = BAC
At actual completion EV = BAC

Earned Schedule Concept



For the above example, ES = 5 months …that is the time associated with the PMB at which PV equals the EV accrued at month 7.

Earned Schedule Metric

- Required measures
  - Performance Measurement Baseline (PMB) – the time phased planned values (PV) from project start to completion
  - Earned Value (EV) – the planned value which has been "earned"
  - Actual Time (AT) - the actual time duration from the project beginning to the time at which project status is assessed
- All measures available from EVM

Earned Schedule Calculation

- ES (cumulative) is the:

  Number of complete PV time increments EV equals or exceeds + the fraction of the incomplete PV increment

- ES = C + I where:

  C = number of time increments for EV ≥ PV

  $I = (EV - PV_C) / (PV_{C+1} - PV_C)$

Earned Schedule Indicators

- Schedule Variance:

$$SV(t) = ES - AT$$

- Schedule Performance Index:

$$SPI(t) = ES / AT$$

where AT is “Actual Time” – the duration from start to time now

- SV(t) and SPI(t) are time-based (months, weeks …)

Earned Schedule Indicators

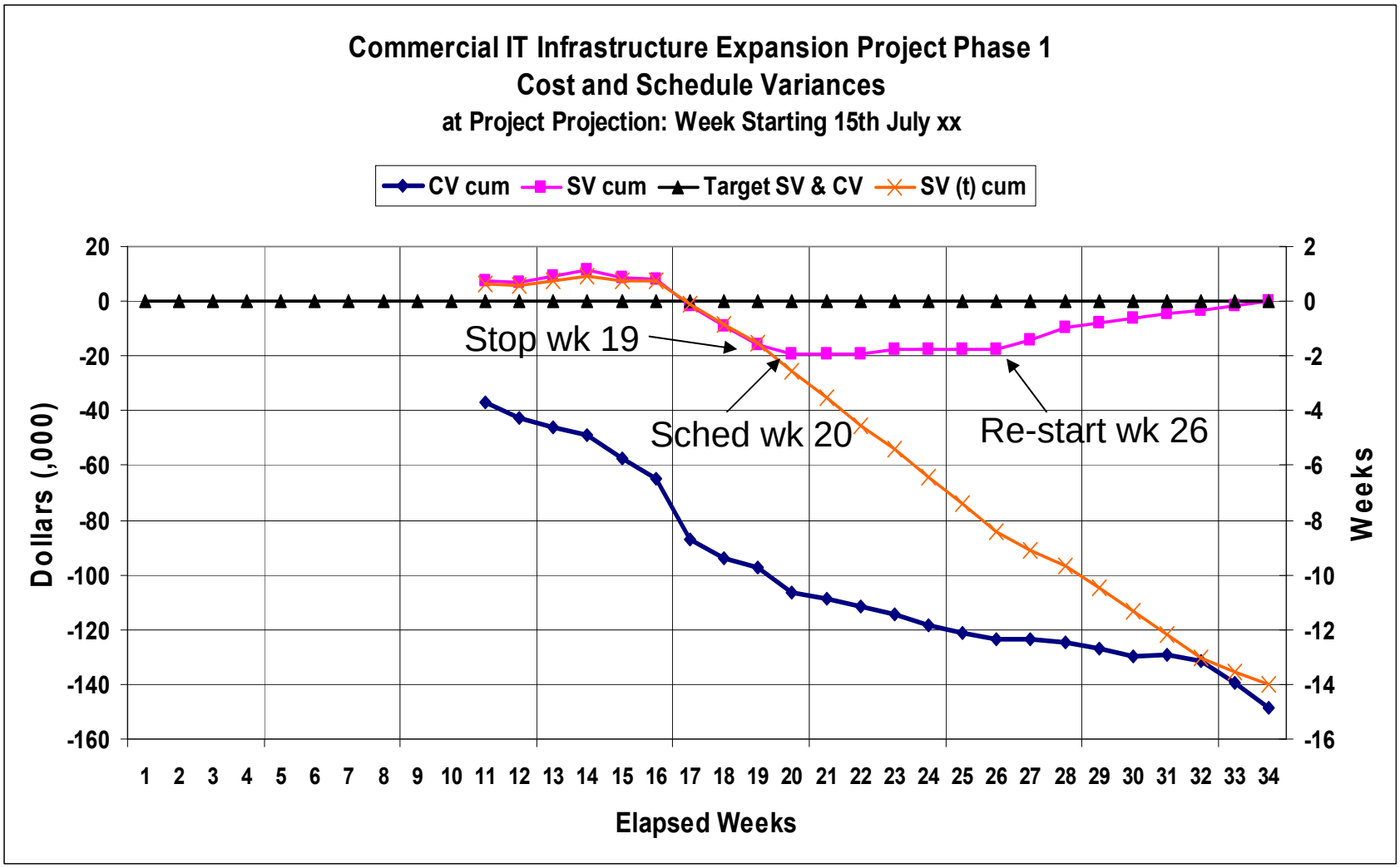
- What happens to the ES indicators, SV(t) & SPI(t), when the planned project duration (PD) is exceeded (PV = BAC)?

  They Still Work …Correctly!!

- ES will be ≤ PD, while AT > PD
  - SV(t) will be negative (time behind schedule)
  - SPI(t) will be < 1.00

  Reliable Values from Start to Finish !!

Late Finish Project



Schedule Prediction

- Can the project be completed as planned?
  - TSPI = Plan Remaining / Time Remaining
    = (PD – ES) / (PD – AT)

    where PD is the planned duration (time at BAC)
    (PD – ES) = PDWR
    PDWR = Planned Duration for Work Remaining
- …completed as estimated?
  - TSPI = (PD – ES) / (ED – AT)

    where ED = Estimated Duration

TSPI Value	Predicted Outcome
≤ 1.00	Achievable
> 1.10	Not Achievable

Schedule Forecasting

- Long time goal of EVM …*Prediction of total project duration from present schedule status*
- Independent Estimate at Completion (time)
  - IEAC(t) = PD / SPI(t)
  - IEAC(t) = AT + (PD – ES) / PF(t)

    where PF(t) is the Performance Factor (time)
  - Analogous to IEAC used to forecast final cost
- Independent Estimated Completion Date (IECD)
  - IECD = Start Date + IEAC(t)

Schedule Analysis with EVM?

- Most practitioners analyze schedule from the bottom up using the network schedule, independent from EVM

  ….“It is the only way possible.”

  – Analysis of the Schedule is overwhelming
  – Critical Path is used to shorten analysis

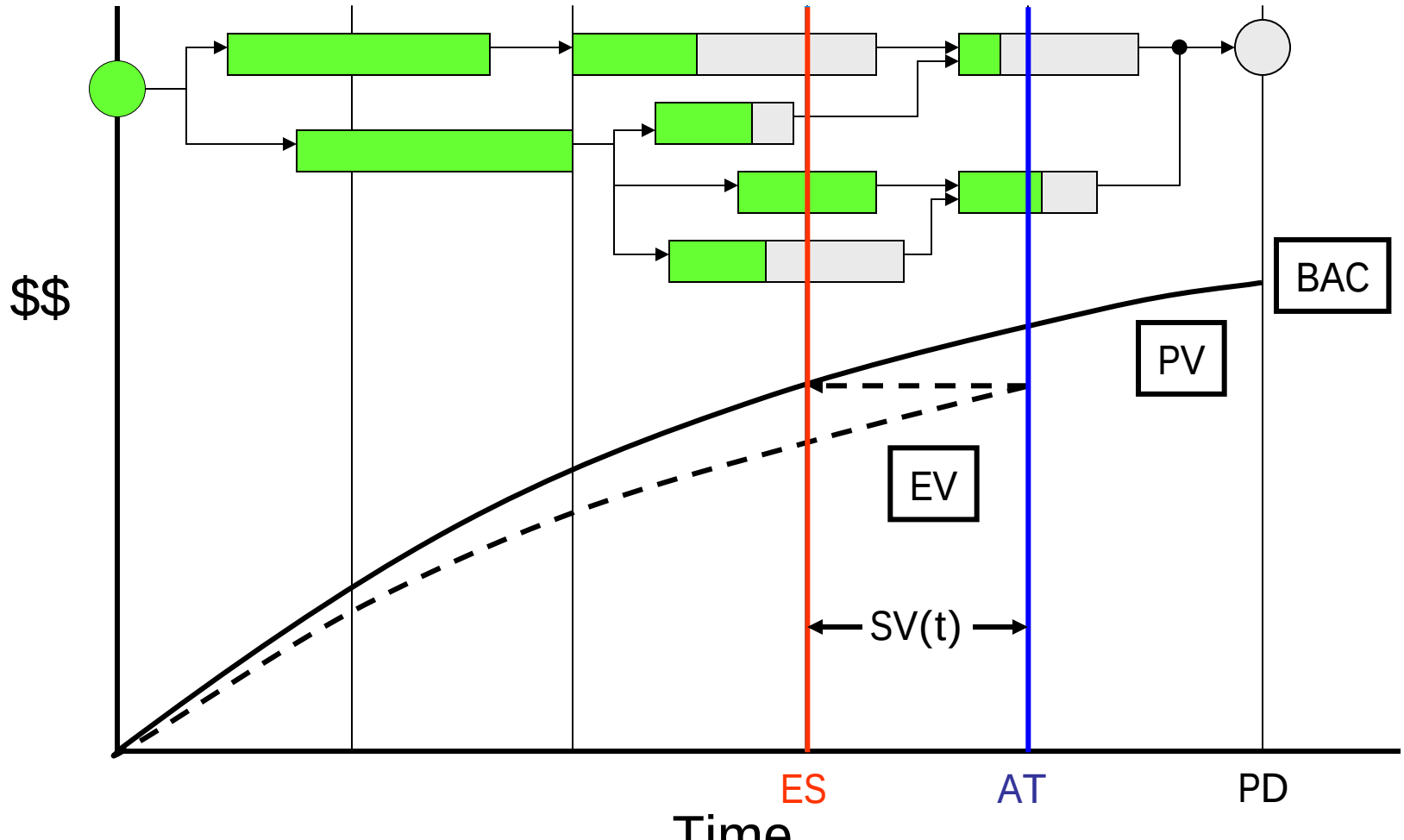
    (CP is longest path of the schedule)
- Duration forecasting using Earned Schedule provides a macro-method similar to the method for estimating Cost

  – A significant advance in practice
- *But, there’s more that ES facilitates ….*

Facilitates Drill-Down Analysis

- ES can be applied to any level of the WBS, to include task groupings such as the Critical Path
  - Requires creating PMB for the area of interest
  - EV for the area of interest is used to determine its ES
- Enables comparison of forecasts, total project (TP) to Critical Path (CP)
  - Desired result: forecasts are equal
  - When TP forecast > CP forecast, CP has changed
  - When CP > TP, possibility of future problems

ES Bridges EVM to the Schedule



How Can This Be Used?

- Tasks behind – possibility of impediments or constraints can be identified
- Tasks ahead – a likelihood of future rework can be identified
- The identification is independent from schedule efficiency
- The identification can be automated

PMs can now have a schedule analysis tool connected to the EVM Data!!

Leads to …

- Concept of *Schedule Adherence*
  - Most efficient project execution follows the plan
  - ES provides a way to measure how closely execution is to the plan
- *Schedule Adherence* provides a means to refine predictions and forecasts
  - Research underway
  - Application has begun

Summary

- Derived from EVM data … only
- Provides time-based schedule indicators
- Indicators do not fail for late finish projects
- Application is scalable up/down, just as is EVM
- Schedule prediction is better than any other EVM method presently used
- Facilitates bridging EVM analysis to include the Schedule
- Provides capability to understand source of rework and refine forecasts & predictions

Available Resources

- PMI-Sydney http://sydney.pmichapters-australia.org.au/
  - Repository for ES Papers and Presentations
- Earned Schedule Website

  http://www.earnedschedule.com/
  - Established February 2006
  - Contains News, Papers, Presentations, ES Terminology, ES Calculators
  - Identifies Contacts to assist with application
- Wikipedia references Earned Schedule

  http://en.wikipedia.org/wiki/Earned_Schedule

Contact Information

Walt Lipke		Kym Henderson
waltlipke@cox.net	Email	kym.henderson@froggy.com.au
+1 405 364 1594	Phone	+61 414 428 537