

Earned Value Project Management, Third Edition

Quentin W. Fleming and Joel M. Koppelman

Book Review by Ed Fern, M.S., PMP

Editor's Note: Quentin Fleming literally wrote the book on Earned Value Management. Now, *asapm* frequent contributor Ed Fern provides us with a quick review of Quentin's latest edition of this popular book.

Several features distinguish this new edition from the earlier book.

- There is a new chapter about using Earned Value in procurements.
- There is a new chapter detailing the use of Earned Value in portfolio management.
- There is new information about Price and Usage Variance Analysis.
- There is a concrete proposal for a simplified approach to using Earned Value for every project.
- There is a new chapter dealing with the possible implications of the Sarbanes Oxley Act of 2002 on the employment of Earned Value in publicly held corporations.

The chapter on Earned Value in procurement specifies a six-step process.

1. Continue scope definition to include make or buy analysis, then compile a "Listing of Procurements"
2. Place all procurements into three generic categories
3. Define an earned value metric for each procurement
4. Time phase a project procurement baseline
5. Measure actual earned value performance (estimate actual costs?)
6. Forecast final costs (EAC) based on earned value performance

Fleming and Koppelman suggest using a "three-point" range for estimating costs of the remaining work, introducing a probabilistic element to Earned Value that has previously relied entirely on deterministic estimates. Their estimate to complete, however, still deals only with project costs and does not deal with the task of generating a new estimate for the project completion date.

The new chapter on Portfolio Management details how Earned Value can be used as a source of information about the comparative merits of projects within a portfolio in order to employ resources most effectively. Their analysis focuses on project costs and fails to detail how Earned Value might be used to aid in schedule-critical decision making.

The price and usage analysis chapter points out that cost is often the product of these two variables. Cost analysis may fail to pinpoint the cause of variances and, consequently, fail to provide an accurate picture of what is really happening within a project. Without that accurate picture, corrective actions may fail or may exacerbate a problem.

The ten criteria proposed for a simplified application of Earned Value to all projects are the result of inputs collected by Fleming from more than one thousand of his students, representing every imaginable industry and discipline, over a period of many years. The classroom exercise divided us into groups with the assignment to identify, from the full set of Earned Value criteria, the ten to twelve that were essential to a meaningful information system.

In the final chapter, Fleming and Koppelman assert that Earned Value is the only feasible means of complying with the Sarbanes Oxley Act of 2002 when projects may have a significant impact on a company's financial position.

This new edition is a good deal more than a simple revision with a few extra bells and whistles. The authors have identified fresh insight and documented it well.

Reviewer Rating of this book (out of 5):



— Edward J. Fern, MS, PMP