

Australian Standard™

**Project performance measurement
using Earned Value**



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Preface

This Standard was prepared by the Standards Australia Committee OB-014, Earned Value Performance Measurement (EVPM) to supersede AS 4817—2003.

The objectives of this Standard are:

- To define the essential elements of the EVPM method.
- To be used as a measurement tool to determine whether the EVPM method has been implemented.
- To provide a basis for EVPM implementation for all industries and sizes of Projects.
- To clearly communicate the benefits of the EVPM method.
- To be fundamentally compatible with any existing Australian or International Standards.
- To be relevant to Project Managers (PMs) and executive management in organizations that manage by Projects.

The terminology used in this Standard has been chosen to be acceptable across a wide range of disciplines. Terms used in the Standard that are in common use have been adopted from the *PMBOK Guide 2000 Edition v1.2, ANSI/PMI 99-001-2000 (PMBOK)*. If the PMBOK did not provide an adequate definition of a term then the definition from ANSI/EIA-748-A-1998, *Earned Value Management Systems* was used. In some cases slight alterations have been made to the definitions to better reflect the Australian context. If neither the PMBOK nor ANSI/EIA-748 provided a satisfactory definition for a given term then the Committee created an applicable definition.

If terms have a common-use abbreviation then this abbreviation has been used, subsequent to its first use, throughout the remainder of the Standard.

The terms 'normative' and 'informative' have been used to distinguish between prescriptive and non-prescriptive parts in the Standard respectively. The 'normative' parts are the sub-sections in Section 3 titled 'Requirements' and Section 1.3 titled 'Definitions' where terms used in those requirements are defined. Parts of the Standard that are 'informative' include those marked 'informative' and titled 'Guidance'. Where a term from the 'Definitions' section is used in an 'informative' part of the Standard it is not intended that the term impart 'normativity' to that part.

Terms that are defined in Section 1.3 are set in SMALL CAPITALS throughout this Standard.

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Foreword

Earned Value Performance Measurement (EVPM) is a method for measuring and reporting project performance, and forecasting future performance based on past performance. The EVPM method measures performance of the time and cost aspects of a project and enables effective project management. The EVPM method provides:

- means for measuring project performance and status;
- means for measuring progress against a BASELINE (plan);
- forecasts of future performance based on past performance; and
- metrics for comparison of project performance across an organization and between organizations.

EVPM assists managers to:

- report cost and schedule performance using standardised techniques;
- analyse variances between the plan and actual progress;
- control changes to the BASELINE; and
- forecast completion costs and finish dates.

1 Introduction

1.1 Scope

This Standard establishes requirements and gives guidance for the measurement and reporting of cost and schedule performance of projects and programs using the EVPM method.

1.2 Application

This Standard can be applied to the measurement and reporting of the cost and schedule performance of projects and programs. It can be applied to any situation where a specified deliverable (product, service, output, result) is to be produced by a specified date and with finite resources.

The method can be used for the performance measurement of single projects, for parts of projects (including contracted and sub-contracted parts), for programs consisting of multiple projects, and for organizations that manage by projects.

In the multi-project environment, EVPM provides metrics for summary level reporting throughout the organization. The metrics can be rolled up by output, by program, by organizational unit, organizational objective, key performance indicator, or other organization-specific summarisation required for effective management reporting.

1.3 Definitions (Normative)

For the purposes of this Standard, the definitions below apply.

1.3.1 Activity

An element of work performed during the course of a project. An ACTIVITY normally has an expected duration, an expected cost, and expected resource requirements. ACTIVITIES can be subdivided into tasks.