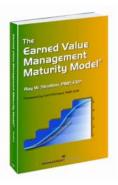


Published in PM World Today - May 2007 (Vol. IX, Issue V)



# **PMF Book Review**

Book Title: The Earned Value Management Maturity Model Author: Ray W. Stratton, PMP, EVP Publisher: Management Concepts, Inc. List Price: \$30.00 US Publication Date: 2006 Reviewer: Ray Rials, PMP Review Date: February 2007

### Introduction to the Book

*The Earned Value Management Maturity Model* provides a roadmap to incorporate Earned Value as part of your company's management practices. Stratton introduces the reader to foundational concepts of Earned Value, defines terms and concepts that relate to Earned Value but most importantly terms and concepts that do not relate to earned value. For example, a few key concepts in the book:

- The value of a project is not what you pay for it. The value of a project is what is agreed to at the start. Value of a project is not impacted by project execution. The value of the project does not change as the project progresses. A 50K project has a value of 50K, even if the amount spent on the project is 100K.
- You do not need to know how much was spent or how long you have worked on an activity to use earned value.

After building the foundation the reader is then introduced to the Earned Value Management Maturity Model®, an Earned Value maturity model similar to Capability Maturity Model.

### **Overview of Book's Structure**

The book is structured into two very distinct parts.

Part I: Earned Value Basics.

The author establishes clear, easily understood terminology definitions. Walks the reader through examples of Earned Value calculations surfacing pros/cons of these measurements including excellent examples where these measurements are not of value. And completes with a nice survey of barriers both perceived and real an organization will experience in implementation Earned Value.

Part II: Earned Value Management Maturity Model.

This section focuses on defining each level of the EVM<sup>3</sup> (Earned Value Management Maturity Model), introduces the four key process areas (KPA) for EVM<sup>3</sup>:



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- Commitment to Perform
- Ability to Perform
- Activities Performed
- Verifying Implementation.

Each EVM<sup>3</sup> level chapter focuses on these key process areas.

### Highlights: What I liked!

In reviewing this book I felt the author did an excellent job expressing his passion for Earned Value analysis as a Project Manager's tool. There were three key areas I especially enjoyed Earned Value foundation, relevant explanations of Earned Value terms and story line of a new project manager joining Zephyr Technology Corporation. This storyline describes how the project manager uses Earned Value to fundamentally change the company's Earned Value culture using the Earned Value Maturity Model as a template.

### Foundational Concepts

Foundational concepts were used to help the reader better understand how Earned Value can be used without much additional effort. In order to deliver on this promise the author defines these concepts. For example,

Non-Earned Value Terms

- Funds. Funds are used to pay bills not to measure Earned Value
- **Profit.** Profit is the difference between your costs and the customer's price. Although very interesting this is not an earned value term.
- Percentage Spent. Does not indicate percentage done.

Earned Value Terms

- **CPI** (Cost Performance Index) reveals how efficient the project is using funds or staff-hours.
- **SPI** (Schedule Performance Index) reflects how well a project is using time to complete a project.
  - a. SPI<sub>\$</sub> is a measurement less useful as the project progresses.
  - b. SPI<sub>t</sub> remains accurate to the projects end.
  - c. SPIt is preferred over SPIs for the following reasons:
    - Useful over life of project.
    - Allows side by side project comparisons.
    - Can be retained like CPI as part of the project historical files.
    - Can be used to estimate the project completion date.
- Management Reserve (MR). Checking account for unknown unknowns.
- **Budget.** Generally the same as Budget at Completion (BAC).
- **Overhead.** Pays for project overhead.
- **Undistributed Budget.** Money in the Budget at Completion not allocated to a cost account.
- Planned Duration. Expected duration of the project.



• Project Completion Date. Adding Planned Duration to Project start date.

## Real or imagined barriers to Earned Value adoption

Barrier	Real	Imagined
The ANSI 748 Standard must be met		Х
EVM is perceived as a personnel management scheme	Х	
EVM requires planning time and resources	Х	
EVM is costly and time consuming		Х
EVM requires an auditable monetary cost-collection system		Х
EVM requires a culture change	Х	
Executives must have an interest in EVM	Х	
EVM requires a Work Breakdown Structure (WBS)		Х

## Maturity Model evolution story line

In order to better explain the Earned Value Management Maturity Model® the author uses a story line of a newly hired project manager for Zephyr Technology Corporation. Throughout the five chapters on the EVM<sup>3</sup> (Earned Value Management Maturity Model) describing each level the story line of how the project manager takes advantage of earned value concepts to drive change throughout the organization. If you have read "Goal" by Eliyahu M. Goldratt this style will be familiar.

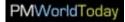
### Shortfalls: What was missing!

It is tough to find much criticism of this book as the author lays out a clear plan for the book and delivers on the stated plan. One suggestion is for the author to discuss in more detail cost/schedule systems requirements. Although this topic is covered on a surface level it may be helpful to the reader would be to provide a list of current Earned Value solutions available. This would not need to be an exhaustive list, but would point the reader to sources to begin their system research.

### Who might benefit from the Book

This book should benefit the following readers:

- **Executives.** Executives in order to improve their understanding of Earned Value concepts to improve their project performance understanding. In addition, understanding Earned Value can help executives compare vastly different projects.
- **Project Management Office Leaders.** In order to implement improved Earned Value processes and methodology. And evangelize these new processes throughout the organization.



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• **Project Managers.** In order to improve their project performance measuring and reporting.

#### Conclusion

The author does an excellent job of establishing an Earned Value foundation, demystifying Earned Value and the cost of using Earned Value, establishing a foundation for organization to establish an Eared Value culture and mapping out a way forward. Not only did the author describe key earned value terms, he also, introduced the reader to earned value measurements that do not add much value as projects progress.

I would recommend this book to any project manager as required reading to better understand Earned Value. And to any executive as with any change a champion is required. Project managers can introduce Earned Value but for true organization change executive sponsorship will be required to support systems investment to support integrating WBS/OBS into cost and scheduling systems.

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