AzTech International Presents...

32 IN 32

The Earned Value Guidelines in Digestible Bites

We set out to provide you with the 32 NDIA Earned Value Guidelines...in 32 words or less!

This guide is a compilation of all 32 Guidelines, along with key tips gleamed from our extensive expertise in the field. Enjoy!

Magic Guideline #1: THE WORK

Gather project scope documents and break the project into manageable chunks; a work products family tree.

🔑 What you EXCLUDE from project scope is perhaps even more important than what you INCLUDE.

Magic Guideline #2: ORGANIZATION

Create a project team organization chart with ONE project manager and ONE accountable name for each major chunk of work.

🔑 Give managers authority, tools, and training to manage their work.

Magic Guideline #3: DATA INTEGRATION

It takes a village of systems to define, plan, budget, collect costs, claim progress, update forecasts, and analyze a project successfully.

🔑 A smart and uniform coding approach helps integrate data.

Magic Guideline #4: OVERHEADS

Overhead (also called indirect) costs need a single manager for each department, function, or pool.

🔑 Project teams cannot deliver scope and schedule on budget if overhead costs are out of control.

Magic Guideline #5: CHUNKS OF WORK

Break projects into manageable work chunks with defined technical scope bounded by cost, schedule, and performance targets.

🔑 Assign a single work code and team code to manage each work chunk.

Magic Guideline #6: SCHEDULE

Create a plan capturing authorized work scope realistically modeling the logical tasks to measure progress for phases, deliverables, and events.

🔑 Aim for the FEWEST tasks required to manage the work.

Magic Guideline #7: PROGRESS

Measure progress on delivering work products with start, finish, and interim milestones–even inchstones–tracking technical performance goals.

🔑 Claim progress objectively so that your replacement could easily know percent complete.

Magic Guideline #8: BUDGET

Timephase cost targets (budgets) by resource to successfully deliver the work scope, schedule, and cost.

🔑 Set realistic budget targets and document assumptions and buy-in from task and resource owners.

Magic Guideline #9: COST ELEMENTS

Break budget targets into key cost elements like direct labor, material, and other costs.

🔑 Don't forget to identify costs for travel, tooling, software, equipment, facilities, material, parts, and services.

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Magic Guideline #10: WORK PACKAGES (AND PLANNING PACKAGES)

Break projects into manageable work chunks with defined technical scope bounded by cost, schedule, and performance targets.

🔑 Assign a single work code and team code to manage each work chunk.

Magic Guideline #11: Σ OF WORK PACKAGE + PLANNING PACKAGE BUDGETS = CONTROL ACCOUNT BUDGETS

Budgets for Work Packages (short, near-term tasks) and Planning Packages (often larger, far-term tasks) must sum to Control Account (manageable chunk of work) budgets.

🔑 Budget hours AND costs.

Magic Guideline #12: IDENTIFY, BUDGET, & CONTROL LEVEL OF EFFORT

"Discrete" tasks drive and can delay the overall project and deliverables. "Level Of Effort" tasks provide management, administrative, or other functional or as-required support.

🔑 Identify, budget, and control LOE.

Magic Guideline #13: SETUP OVERHEAD BUDGETS BY ORGANIZATION

Set up project overhead cost targets (budgets from Guideline 8) by Organization codes from Guideline 2.

🔑 Apply realistic and consistent overhead costs based on past and likely future overhead rates.

Magic Guideline #14: SETUP TWO MANAGEMENT BUCKETS FOR WORK

Set-up two management buckets for original plus new scope and another for unplanned, in-scope changes—until work can be time-phased.

🔑 Only authorized work goes into these buckets!

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Magic Guideline #15: Σ OF ALLOCATED BUDGETS = CONTRACT BUDGET

Continually balance the project checkbook: Sum of allocated budgets equals the contract's target budget.

Authorized work means contractually agreed work scope, schedule, and budget. Likely does not equal authorized.

Magic Guideline #16: CAPTURE DIRECT PROJECT COSTS

Capture actual hours and costs for labor, material, and other costs charged DIRECTLY to the project.

Setup the fewest charge numbers required to analyze variances and aid with future bids.

Magic Guideline #17: Σ DIRECT PROJECT COSTS BY WORK CODE

Sum up actual direct hours and costs (Guideline 16) by project work products or codes (Guideline 1).

Be sure costs roll up directly to ONLY ONE lowest level work code.

Magic Guideline #18: Σ DIRECT PROJECT COSTS BY ORGANIZATION

Sum up actual direct hours and costs (Guideline 16) by Organization (function or product team) (Guideline 2).

Be sure costs roll up directly to ONLY ONE lowest level organization code.

Magic Guideline #19: CAPTURE INDIRECT (OVERHEAD) PROJECT COSTS

Capture indirect (overhead) actual costs allocated to the project by organization (department, function, or product team).

Include labor, material, and other overhead costs and rollup per Guidelines 1 and 2.

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Magic Guideline #20: IDENTIFY UNIT COSTS, EQUIVALENT UNIT COSTS, OR LOT COSTS (if applicable)

Track actual material costs for whole and partially complete systems, assemblies, sub-assemblies, and lots.

🔑 Equivalent costs are for partial completion (partial units can add up to one equivalent unit).

Magic Guideline #21: THREE MATERIAL ACCOUNTING ESSENTIALS

1. Capture actual material costs within manageable chunks of work.
2. Claim progress as received, consumed, or with progress milestones.
3. Track residual inventory.

🔑 Every part matters (quantities and costs).

Magic Guideline #22: IDENTIFY MONTHLY COST AND SCHEDULE VARIANCES

Generate monthly reports analyzing monthly, inception to date, and at completion cost and schedule variances.

🔑 Roll up to manageable work chunks and the project level per Guidelines 1 and 2.

Magic Guideline #23: IDENTIFY & ANALYZE MONTHLY COST & SCHEDULE VARIANCES

Identify monthly cost (underrun / on target / overrun) and schedule (ahead / on target / behind) variances. Explain root causes.

🔑 Ask WHY questions to get to root causes. Focus on impacts at completion.

Magic Guideline #24: IDENTIFY & EXPLAIN INDIRECT (OVERHEAD) OVERRUNS AND UNDERRUNS

Generate reports analyzing budgeted versus actual indirect (overhead) cost variances—explaining significant overhead pool, department, or function overruns or underruns.

🔑 Document the right level, frequency, and thresholds for effective management control.

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Magic Guideline #25: GENERATE PERFORMANCE VARIANCE REPORTS FOR MANAGERS AND CUSTOMERS

Generate work and organizational performance reports summarizing variances. Highlight performance and compliance concerns, issues, and risks for all management levels.

🔑 Use 80/20 rule to focus on drivers and outliers.

Magic Guideline #26: DEVELOP AND TRACK CORRECTIVE ACTIONS TO CLOSURE

Using earned value data, develop and track concrete corrective actions to prevent or mitigate technical issues, schedule delays, and cost overruns.

🔑 Continually seek ways to capture opportunities and mitigate risks.

Magic Guideline #27: GENERATE THE LATEST REVISED ESTIMATE AT PROJECT COMPLETION

Dial past performance into realistic estimates for remaining work — including labor, material commitments, and other project costs.

🔑 Explain key drivers for deltas between the baseline and between previously reported estimates.

Magic Guideline #28: DIAL AUTHORIZED CHANGES INTO THE COST AND SCHEDULE BASELINE DATA AND LOGS

Dial customer and management authorized changes into the schedule, budgets, and change logs for impacted chunks of work.

🔑 For timely updates on authorized work, use estimates even before completing negotiations.

Magic Guideline #29: TRACK BASELINE BUDGET CHANGES FOR AUTHORIZED WORK

Monthly, tie a ribbon around budget changes for major chunks of work and the management buckets from Guidelines X and Y.

🔑 Don't forget to identify costs for travel, tooling, software, equipment, facilities, material, parts, and services.

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Magic Guideline #30: WITH RARE EXCEPTIONS, DON'T CHANGE THE PAST

Avoid changing previously reported inception-to-date budget, performance, or actual cost data.

🔑 Rare exceptions are error corrections, routine accounting adjustments, or customer / management-directed changes to improve data integrity.

Magic Guideline #31: ONLY CHANGE BUDGETS VIA A CHANGE CONTROL AND WORK AUTHORIZATION AUDIT TRAIL

After initial work authorization, scheduling, and budgeting, any subsequent baseline changes require a formal change control and work authorization audit trail.

🔑 Always keep technical work scope, schedule, and budget aligned.

Magic Guideline #32: KEEP AN AUDIT TRAIL TO CHANGES IN THE PROJECT'S PERFORMANCE MEASUREMENT BASELINE

The time-phased technical work scope, schedule, and budget must align to the contract targets.

🔑 Only the customer can formally authorize cost or schedule baseline changes that exceed contract targets.

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