BUDGET AND SCHEDULE CONTROL

DEFINITIONS:

Earned Value—an estimated measure of work performance, also called Budgeted Cost of Work Performed (BCWP)
Answers the question—How much work is done?

Budgeted Cost of Work Schedule (BCWS)—planned cost of performing a task
Answers the question—How much work should be done?

Actual Cost of Work Performed (ACWP)—actual cost of performing a task
Answers the question—How much did the work that has been done cost?

Cost Performance Index (CPI)—the rate at which a project is spending money, also called Burn Rate
Answers the question—How fast is the project spending money?

Budgeted at Completion (BAC)—the total budgeted value of a project
Answers the question—What was the total project supposed to cost?

Estimate at Completion (EAC)—an estimate of the final project cost, also called latest Revised Estimate (LRE)
Answers the question—What do we now expect the total job to cost?

KEY FORMULAS:

Schedule Variance (SV)

\[ SV = BCWP - BCWS \] (a negative number means the activity is behind schedule)

Cost Variance (CV)

\[ CV = BCWP - ACWP \] (a negative number means that cost are overrunning)

Cost Performance Index (CPI)

\[ CPI = BCWP/ACWP \]

Estimate at Completion (EAC)

\[ EAC = BAC/CPI \]