Appendix I: Using Performance Information to Adjust Estimates

It is important to maintain a good project cost baseline as a forward indicator for potential cost growth. Cost estimates must be updated whenever project content changes and reconciled to the estimate baseline. By accomplishing a cost estimate on proposed program alternatives, the Project Office can determine the cost impact of the alternatives. One of the best ways a project team can update its schedule and cost estimates is to adjust these according to its own performance. Earned Value Management is recognized as a best practice for making such cost and schedule adjustments (e.g., on a monthly or quarterly basis).[1]

EVM is an integrated management control system for assessing, understanding and quantifying what a contractor or field activity is achieving with program dollars.

- Integrates technical, cost, schedule, with risk management.
- Allows objective assessment and quantification of current project performance.
- Helps predict future performance based on trends.

EVM provides project management with objective, accurate and timely data for effective decision-making. There are several handbooks available for the implementation of EVM.[2]

This appendix will be developed in more detail, but the EVM references should provide the analyst with a start for using performance information to adjust estimates. If addition information is desired, contact CAD at *hq-cad@mail.nasa.gov*.

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[1] EVM information available at *http://evm.nasa.gov/*.

[2] http://evm.nasa.gov/handbooks.html