Planning Process Group Artifacts

13.2 Plan Stakeholder Management

13.2.3 Analytical Techniques (Tools and Techniques)

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Value Analysis Reporting

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13.2.3 Analytical Techniques (Tools and Techniques): This paper was taken from PMGT 502. It describes different analytical techniques specifically how to report as well as analyzing earned value and how project managers communicate these values to their team and stakeholders. These techniques are used in the process of Plan Stakeholder Management.

Introduction

This paper is to explain certain practices for establishing estimates and reporting on value analysis. This estimation relates to earned value, planned values and actual costs. This paper will also explain how project management needs to effectively communicate these estimates with their stakeholders. Estimating costs is a critical fundamental principle in planning and developing. Project managers at times may not know true value estimates or schedules until the project is almost over. Unfortunately, if a work package is over budgeted and also critical, this could potentially be disastrous. Also, not effectively reporting the status to stakeholders could potentially tank the project.

Deliverable

There are three major stages of estimating: identify resources, the rate at which resources are being consumed and the actual value of consumed resources. The resources can be identified people and materials needed to execute the project. The main purpose of earned value analysis is to measure continuous project performance and predict the final cost and schedule results (Dow & Taylor, 2015). The current budget maybe different than the original budget that was planned earlier. This value is the amount of work that has been completed on the project. Along with the planned value (pv) and the actual cost (ac), the project managers team needs to report these metrics accurately and timely to its key stakeholders.

A couple of techniques used for estimating is the top-down method v the bottom-up method. Top-down estimates are derived from someone who uses experience and or information to determine the duration and costs. The bottom-up approach work more at the work package level and can be used to roll up resource requirements (Larson and Gray, 2015). Both estimating approaches has its advantages and limitations. By the reading, from my perspective, it appears that the bottom-up approach is more advantageous and accurate in regards to estimating overall costs.

A table can show and explain the earned value analysis report. The report shows exactly where fiscally the project sits. Another name for this would be a status report. Estimating tools are used in conjunction with status reports to predict future trends and possible unknown events. This tool can help project teams determine costs at the end of the project and determine if the project will run over in costs or schedule.

Status reports can be communicated at the discretion of the project manager. In the text, *Project Management Communication Tools*, Dow and Taylor suggests when identifying stakeholders and developing the stakeholder management plan, project manager's need to find out stakeholders expectations and needs. Stakeholders can be bucketed or grouped into different areas pertaining to scope, cost and scheduling. It is recommended that status reports be updated and distributed on a weekly or monthly basis. Communicating what the stakeholders need in those reports are vital. As a project manager, attempting to get feedback by either meetings or email could be a good start to make sure the stakeholders are not only receiving status reports, but understanding them. They could be receiving numbers that make no sense to them and simply dismiss the reports. This could be devastating to the project if key stakeholders are not comprehending current up to date numbers on the project.

Conclusion

A few practices for establishing the value of a project is executing accurate estimating techniques and also to report it properly to stakeholders. The bottom-up estimating technique is more accurate in reporting costs. When communicating with stakeholders, the project managers need to submit weekly or monthly status reports. These status reports are a "snap-shot" of where the project currently sits as far as performance, budget and scheduling. These reports must be understood by key stakeholders in order to make vital decisions during the project life-cycle.

Reference List

Dow W. and Taylor B. (2015*) Project Management Communication Tools*. Dow Publishing LLC. Renton, WA

Larson E. and Gray C. (2014) *Project Management, The Managerial Process (6th ed)* McGraw-Hill Education, New York, NY.