Monitoring and Controlling Process Group Artifacts

7.4 Control Costs

7.4.3 Organizational Process Assets Updates (Outputs)

PMGT 690, ERAU, Prof. Sherman

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7.4.3. Organizational Process Assets (Outputs): PMI, 2013 states certain assets to be updated as a result of the Control Costs process could be: causes of variances, corrective actions to included reasons, financial database, and lessons learned (pg. 226).

According to Larson and Gray (2014) differences between actual costs and budgeted costs is considered a variance. Project managers need to closely monitor these variances throughout the project life cycle. Variances can be favorable. If resources that are budgeted for a project are actually less than estimated, this could be a favorable variance. If it is unfavorable when the project becomes over budgeted, the costs are more than what was forecasted or estimated during specific durations of the project, and corrective actions are necessary.

If and when the project becomes over budgeted, the project managers will need to find the reason, meet with stakeholders, and implement corrective actions immediately. These corrective actions could come in the form of change requests. Once these change requests have been approved, the project management plan needs to be updated and it needs to be communicated with all key stakeholders.

Project teams can document what took place and the reasons of the unfavorable variance. It is important to relate the situation to the specific time and costs. Finally they would save this into the lessons learned artifacts. Sometimes these situations are unavoidable, however documenting can always help project teams in the future.

Reference List

Project Management Institute. (2013). *A Guide to the Project Management Body of Knowledge* (PMBOK Guide, 5th ed) Newton Square, PA: PMI Inc.

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