

Risk Management

Earned Value Management Mitigating the Risks Associated with Construction Projects

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Everyone knows certain “truths” about Earned Value management. Such knowledge is often based on what we may have heard others say about the technique.

For example: “Earned Value is useful only on large government-funded contracts.”

- “Earned Value is useful only on cost-reimbursable type projects.”
- “Earned Value has no utility in the management of lump-sum or firm fixed-price work.”
- “Earned Value does nothing for construction projects.”

Respectfully, we take exception to these “truths” and would like to present a case for the employment of a simple form of Earned Value on all projects - large or small, cost-type and fixed price - it really doesn't matter. The basic utility of Earned Value is to contain the cost risks associated with projects. Bad news never gets better with time. The earlier you know that you have a problem on your project, the better chance you will have to mitigate that problem.

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