

The Future of Earned Value Management with Strategic Portfolio Management



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Introduction

For years, Earned Value Management (EVM) has been a requirement for companies wishing to do business with the Government. It has also been a standard metric and method for managing performance for deliverables-based projects, such as complex construction or engineering programs. While tracking earned value on a single project is good, it doesn't solve every problem. Most larger organizations are managing many projects or programs; thus projects are no longer standalone efforts. They often require the same resources and connect to bigger business goals, often requiring decisions that can make or break a company's strategy. This is where EVM in isolation starts to show its age.

This eBook explores the evolution of earned value, its strengths, and why it's been a trusted tool for so long. More importantly, we'll reveal the hidden challenges and blind spots that can catch even the best teams off guard. When projects are tied to strategic goals, relying on EVM alone can mean missed opportunities and scrambling to catch up. Enter Strategic Portfolio Management (SPM). SPM doesn't just track project performance; it connects the dots between project execution and business strategy, making it the smarter choice for today's complex environments. By the end, you'll see why integrating SPM into your approach isn't better for managing projects—it's better for the business, delivering smarter, faster decisions that drive real results.



Importance of EVM in Project Management

EVM has been the backbone of project management for decades, especially in high-stakes industries like aerospace, defense, and construction. Why? Because it turns project performance into cold, hard data. Instead of guessing or relying on gut feelings, EVM provides numbers that tell you exactly where your project stands. It highlights variances, forecasts future outcomes, and helps managers make decisions based on facts, not feelings. This level of clarity is invaluable, especially for complex projects where a small misstep can snowball into massive cost overruns or delays. The real power of EVM is in its early warning system—it flags issues before they become full-blown problems, giving you the chance to course-correct and keep everything on track.

The Evolution of EVM: From PERT and CPM to Modern Standards

EVM didn't just appear out of nowhere; it evolved from early project management tools like Program Evaluation and Review Technique (PERT) and the Critical Path Method (CPM) in the 1950s and 60s. PERT brought in the idea of estimating task durations with some flexibility, while CPM focused on pinpointing the critical path to keep timelines in check. But both were limited—they managed time but didn't factor in costs or actual performance. That's where EVM stepped in, merging these methods into a more powerful tool that looks at the whole picture: time, cost, and scope.

By the 1990s, EVM had become a standard with guidelines like ANSI/EIA-748, making it a go-to across industries. But as projects get bigger, data gets messier, and decisions get more complex, even EVM has its blind spots. This is where Strategic Portfolio Management (SPM) comes in. This modern solution builds on EVM's strengths and goes further by offering deeper insights, better integration, and predictive capabilities that EVM doesn't match. It's the next step to make sure your projects don't just survive but thrive in today's data-driven world.





Challenges of Implementing EVM



EVM has been around for over half a century, and it's still going strong—that alone says a lot about how valuable it is. Bringing together scope, cost, and schedule, it gives project managers a solid, data-driven way to track performance. But getting all these moving parts to line up isn't always easy. Each piece—whether it's the scope, budget, or schedule—comes with its own data and syncing them up takes some serious coordination.

Managing with Agile is Different

While EVM is great for traditional projects, it's not exactly a perfect match for agile. Agile thrives on flexibility and quick changes, but EVM is all about structure and sticking to the plan. Trying to squeeze EVM into an agile process can feel like forcing a square peg into a round hole. It's not that EVM doesn't do its job, but integrating all the moving parts can be complex, time-consuming, and prone to disruptions.

The Need for Standardization and Data Accuracy

For EVM to work well, standardization is key. Every task, every dollar, and every deliverable needs to be defined and tracked in a consistent way. Without this level of precision, the data can become unreliable and lead to misleading performance assessments. If data isn't accurate or standardized, EVM can lose its value, turning from a powerful tool into just another set of reports that don't quite tell the whole story.

Common Pitfalls: Cost Overruns, Delays, and Variance Issues in Projects

Even with all its benefits, EVM doesn't come with a guarantee that things will run smoothly. Projects still face the usual suspects: cost overruns, missed deadlines, and unexpected variances. The issue isn't that EVM doesn't catch these problems—it does. The challenge is that once they're identified, the solutions aren't always clear. EVM tells you there's a problem, but it doesn't necessarily tell you how to fix it. You end up with a lot of red flags but not always a clear path forward, leaving project teams scrambling to get back on track.



Limitations of Manual or Non-Integrated EVM Systems

Many teams still rely on manual processes or standalone EVM tools, and that's where things can get messy. Without integration, you're constantly piecing together data from different sources. That's a recipe for errors, and inconsistencies. Manual EVM is not just time-consuming—it's also prone to mistakes that can skew your entire project view. It's like trying to navigate with an outdated map; you might get where you're going, but it'll be a bumpy ride. Without seamless integration, EVM can feel like more work than it's worth, bogging down teams instead of boosting performance.

High Overhead for Small Programs

Implementing and maintaining traditional EVM systems can be a heavy lift, especially for smaller projects or companies. The need for specialized software, continuous training, and constant data management makes the process time-consuming and costly. While EVM offers valuable insights, the overhead often outweighs the benefits for smaller programs, turning it into a distraction from getting the actual work done. In these cases, the investment starts to feel less like a strategic move and more like an added burden that stretches resources thin.





Why Traditional EVM Systems Fall Short

EVM has its strengths, but traditional systems have started to fall behind. One of the biggest headaches is a lack of real-time data integration. EVM systems often pull data from different sources, so by the time you look at the numbers, they're already outdated. You're making decisions based on yesterday's info. In today's competitive world, that may not be good enough.

Then there's the struggle with tracking and analyzing performance metrics. With traditional EVM, it's not just a click away. You've got to dig through reports, input data manually, and do some serious number crunching. It's clunky, slow, and it leaves you playing catch-up instead of staying ahead. The data is there, but it's locked up in a way that makes it hard to see the big picture when you need it most.

Compliance is another tough spot. Meeting standards like ANSI/EIA-748 isn't just a box you tick—it's a whole process. For industries like construction or defense, having a validated system isn't optional. You jump through hoops, use extra tools, and burn resources just to keep everything compliant.





The Role of Strategic Portfolio Management (SPM) in Tackling EVM Challenges



SPM builds on the strength of EVM and elevates its capabilities to meet the demands of today's complex project environments. It addresses the typical pain points of traditional EVM systems by bringing everything together in a smarter, more connected way.

Bringing EVM and SPM Together

SPM fully integrates EVM data into a broader, more strategic view. Instead of managing project data in silos, SPM connects the dots between project performance and the overall business strategy. It's all about understanding the bigger picture—how each project contributes to the company's overarching strategic goals. This integration helps teams stay aligned, making sure that projects are not just running well, but running in the right direction.

See Costs, Schedules, and Scope Clearly

One of the biggest wins with SPM is the visibility it provides. You get a real-time view of everything—costs, schedules, work scope—all in one place. No more chasing down numbers from different systems or piecing together reports. It's clear, it's current, and it's all right in front of you. This visibility helps you catch issues early and understand their impact, so you can take action before things get off track.

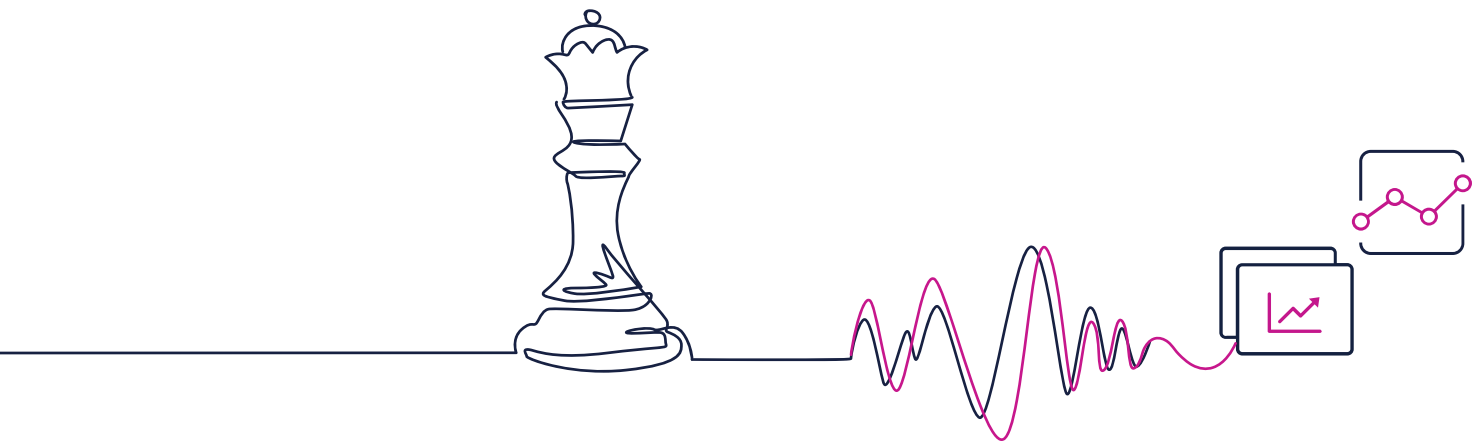


Real-Time Insights and Smarter Decisions

SPM solutions offer real-time updates and predictive analytics that keep you ahead of the curve. Instead of waiting on outdated reports, you get live insights that show you what's happening now and what could happen next. Predictive analytics flag potential risks and future roadblocks, giving you a heads-up to make proactive decisions. It's like having a real-time navigator that helps you steer projects in the right direction.

Strategic Guidance, Not Just Automation

SPM isn't about automating EVM calculations—it's about providing the strategic direction that makes those calculations meaningful. With SPM, you gain a clearer understanding of how your EVM data ties into the bigger picture, guiding your projects in a way that aligns with your business goals. Instead of getting bogged down in admin work, you're empowered to make strategic decisions that drive real results.





Beyond EVM: | The Broader Benefits of Strategic Portfolio Management



■ Strategic Alignment Across All Projects

SPM keeps every project on the same page as the company's big goals. It connects what teams do day-to-day with the big picture, making sure resources go where they add the most value. Unlike EVM, which often focuses on isolated projects, SPM makes sure everything contributes to long-term business success.



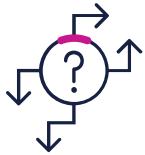
■ Decision-Making at the Portfolio Level

SPM doesn't just look at one project at a time—it gives you a bird's-eye view of the whole portfolio. You can prioritize what matters, balance resources, and make decisions based on real data, not intuition. This strategic oversight helps companies pivot quickly and keep their return on investment strong across all projects.



■ Optimize Resources Where They Matter Most

With SPM, you can see exactly where your resources are tied up and where they're needed most. It's like a roadmap that shows you the best way to clear bottlenecks and keep everything moving smoothly. You're not just managing resources—you're maximizing their impact across the entire portfolio.



■ **Scenario Planning and Risk Management**

SPM's advanced scenario planning lets you test different strategies before diving in. You can see what works, spot potential risks, and make adjustments ahead of time. It's a powerful way to stay ahead of the curve and make sure you're ready for whatever comes your way.



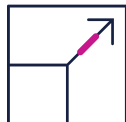
■ **Bring Teams Together with Cross-Functional Collaboration**

SPM knocks down the walls among departments by giving everyone a shared platform. Teams can collaborate more easily, leading to better project outcomes and a more unified approach to hitting business goals. It's about getting everyone to work together, not in silos.



■ **Real-Time Tracking Across All Projects**

With SPM, you get a live view of how every project is performing. Executives can spot trends, catch issues early, and adjust strategies on the fly. You're not waiting for reports—you're seeing what's happening right now, so you can act fast and stay ahead.



■ **Flexible and Scalable for Any Organization**

SPM solutions are built to grow and adapt with your business. Whether you need to scale up, shift focus, or respond to market changes, SPM evolves with you. It's a framework that doesn't just fit your needs today but can adjust as those needs change over time.



Real World Examples

With Planisware, CAE pulled all their data into one spot, cut down on manual work, and got a clear, real-time view of their costs and progress. This meant they could forecast better, keep costs in check, and work together more smoothly. In the end, they made smarter decisions and stayed ahead of any project bumps, showing just how much a top-notch PPM tool can make a difference.



[Read the full case study](#)

A major European aircraft manufacturer turned to Planisware to manage their entire program management process in a single unified platform across both commercial and military lines of business. Before Planisware, they were juggling multiple tools and struggled to get accurate, real-time data on costs and project performance. With Planisware, they streamlined everything, centralizing all their program data into one place. This cut down on manual work and gave their teams instant access to the information they needed. The results have been more accurate forecasting, tighter cost controls, and quicker responses to project changes. It's a clear example of how the right solution can simplify earned value, making it more efficient and effective for project teams.



Conclusion



Bringing EVM and Strategic Portfolio Management (SPM) together creates a smarter, more connected way to manage projects and portfolios. While EVM does a great job tracking costs, schedules, and performance, adding SPM transforms those insights into actions that align with your company's bigger goals. SPM doesn't just help you see where your projects stand; it helps you understand how they fit into the overall business strategy, ensuring that every effort drives value.

With real-time updates, scenario planning, and integrated data, SPM enhances decision-making across the board. It can help cut down on manual work, and keep your data clean and reliable, so teams can spend less time on admin tasks and more time driving projects forward. This approach keeps you ahead of issues, not just reacting to them, and helps you make decisions that push your projects—and your business—in the right direction.

Looking ahead, SPM is set to become even more powerful. As the tools evolve, we'll see more predictive analytics, smarter resource management, and even tighter connections between projects and business strategy. Organizations that embrace these advancements won't just manage their projects better—they'll gain a competitive edge, making sure every project contributes to long-term success.





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