

Memo 9 – Controller

Subject: Financial Performance Metrics

From: Sabrina Cash, Controller

As we close out this project, corporate will want a clear picture of how we performed against our budget and schedule, not just what was delivered.

In the **Final Performance Report** section of your presentation, please include a one-slide scorecard or diagram with these metrics:

Earned Value (EV): The total value of the work completed, measured against our planned budget.

Cost Performance Index (CPI): $CPI = EV \div \text{Actual Cost}$, to indicate whether we finished under or over budget.

Schedule Performance Index (SPI): $SPI = EV \div \text{Planned Value}$, to show whether we finished ahead of or behind schedule.

To help interpret the results, remember:

- $CPI < 1 \rightarrow$ Over budget
- $CPI > 1 \rightarrow$ Under budget
- $SPI < 1 \rightarrow$ Behind schedule
- $SPI > 1 \rightarrow$ Ahead of schedule

You can use your Cost Baseline Diagram for Planned Value, your Updated Cost Baseline for Actual Cost, and your Gantt Charts for schedule context.

This is called **Earned Value Management (EVM)**. Typically, it is used throughout projects to monitor and control project performance. This helps us identify variances early, allowing for timely corrective actions.

Great job on wrapping this up!

Best,
Sabrina