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Assume a small four-week software enhancement is budgeted for RM10,000.  While reporting status during the third week, the project manager determines his team has only completed 50 percent of the work.  Based on the project schedule, the team was supposed to complete 75 percent of the work by the third week.  The project manager also noticed that they have spent RM9,000 to date on the project.  Determine the CPI, CV, SPI and SV of the project.  Hence, what can you say about the overall health of the project?

* Budgeted for RM10,000
* Total duration 4 weeks, but week 3 = done 50%
* Should be week 3 = Done 75%
* Actual spend week 3 = RM9,000

ASWP = RM9,000

BCWP = RM5,000

BCWS = RM7,500

* Cost performance index (CPI) = BCWP/ACWP

CPI = 5000/9000 = 0.5556

* Cost variance (CV) = BCWP – ACWP

CV = 5000 – 9000 = -4000

* Schedule performance index (SPI) = BCWP/BCWS

SPI = 5000/7500 = 0.6667

* Schedule variance (SV) = BCWP – BCWS

SV = 5000 – 7500 = -2500

Based on the calculations, the CPI is less than 1, which means that the project is over budget. The CV is negative, which indicates that the project is over budget by RM4,000. The SPI is less than 1, which indicates that the project is behind schedule. The SV is negative, which means that the project is behind schedule by RM2,500.

Overall, the project is not in good health as it is over budget and behind schedule. The project manager should take corrective actions to bring the project back on track to avoid further delays and cost overruns.