

**OPENCOURSEWARE** 



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# Topic 5 PERT AND CPM NETWORKS



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#### **History**

#### • Late 1950s

- Program Evaluation and Review Technique (PERT)
  - U.S. Navy, Booz-Allen Hamilton, and Lockeheed Aircraft
  - Probabilistic activity durations
- Critical Path Method (CPM)
  - Dupont De Nemours Inc.
  - Deterministic activity durations





# The Language of PERT/CPM

- Activity
  - task or set of tasks
  - use resources
- Event
  - state resulting from completion of one or more activities
  - consume no resources or time
  - predecessor activities must be completed





# The Language of PERT/CPM continued

#### • Milestones

events that mark significant progress

Network

- diagram of nodes and arcs
- used to illustrate technological relationships
- Path
  - series of connected activities between two events





# The Language of PERT/CPM concluded

#### • Critical Path

 set of activities on a path that if delayed will delay completion of project

#### • Critical Time

time required to complete all activities on the critical path





#### **Building the Network**





### Sample Set of Project Activities and Precedences

Task	Predecessor
a	
b	
С	a
d	b
e	b
f	c, d
g	e
000000000000000000000000000000000000000	



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### **Stage 1 of a Sample AON Network**





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#### **Stage 2 of a Sample AON Network**





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# **A Completed Sample AON Network**





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#### **Stage 1 of a Sample AOA Network**





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#### **Stage 2 of a Sample AOA Network**





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# **A Completed Sample AOA Network**



#### A Completed Sample AOA Network Showing the Use of a Dummy Task





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# Sample Problem for Finding the Critical Path and Critical Time

Activity	Predecessor	Duration
a		5 days
b		4
С	a	3
d	а	4
e	а	6
f	b, c	4
g	d	5
h	d, e	6
i	f	6
j	g, h	4



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#### **Stage 1 of a Sample Network**





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# **A Complete Network**





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# **Information Contents in an AON Node**





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# The Critical Path and Time for Sample Project





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#### **Calculating Activity Slack**

• Slack or Float

LST - EST = LFT - EFT = Slack



# An MSP Version of PERT/CPM Network





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# **A Modified Version of MSP Network**





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# PROJECT UNCERTAINTY AND RISK MANAGEMENT



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# **Calculating Probabilistic Activity Times**

#### • Three Time Estimates

- pessimistic (a)
- most likely (m)
- optimistic (b)



# The Statistical Distribution of all Possible Times for an Activity





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#### **Activity Expected Time and Variance**

$$T_{\rm E} = \frac{(a+4m+b)}{6}$$

$$\sigma = \frac{(b-a)}{6}$$

$$\operatorname{Var} = \sigma^2 = \left(\frac{(b-a)}{6}\right)^2$$





#### **95 Percent Level**

- Task will be *a* or lower 5 percent of the time
- Task will be *b* or greater 5 percent of the time

$$\sigma = \frac{(b-a)}{3.3}$$





#### **90 Percent Level**

- Task will be *a* or lower 10 percent of the time
- Task will be *b* or greater 10 percent of the time

$$\sigma = \frac{(b-a)}{2.6}$$





# **95 Percent Level (Alternative Interpretation)**

• Task will be between a and b 95 percent of the time

$$\sigma = \frac{(b-a)}{3.92}$$





# **90 Percent Level (Alternative Interpretation)**

• Task will be between a and b 90 percent of the time

$$\sigma = \frac{(b-a)}{3.29}$$



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# **An AON Network**





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# An MSP Version of a Sample Problem Network





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# A Pert/CPM Network for the Day Care Project





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# An MSP Calendar for the Day Care Project, 4/16/00 to 5/27/00

	٨	10.10		07 1	~~	
	Ар	r 16, U	)u – Ma	ay 27, °	00	
Sunday	Monday	Tueday	Wednesday	Thursday	Friday	Saturday
16	17	18	19	20	21	
					Develop employee	survey to asse
					Meet with YMCA to	assess and ve
23	24	25	26	27	28	
		Develop employee si	urvey to assess nee	ed and desire, 2 wks	5	
	Me	et with YMCA to ass	ess and verify prop	osal for service, 3 v	vks	
20	01	02	02	04	05	
30	10 a evolor employee		d and desire 2 wks	04	Develop employee	survey to asse
	vevelop ellipioyee s			Sand survey out t	Develop employee	survey to asse
	Ma	at with VMCA to acc	acc and varify prop	Seria survey out t	uko	
	IWIE		ess and verify prop	usarior service, 5 v	VKS	
07	08	09	10	11	12	
	Dev	elop ad campaign to	get staff to particip	ate in survey, 1.67	wks	
			0			
Mee	t with YMCA to ass	ess and verify propo	sal for service. 3 w	ks		
14	15	16	17	18	19	
Develop ad campaig	gn to get staff to pa	rticipate in survey, 1	.67 wks	Surveys re	turned, 11.67 days	
21	22	23	24	25	26	
		Surve	ys returned, 11.67	days		

Project plan calender view

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# The Probability of Completing the Project on Time

$$Z = \frac{(D-\mu)}{\sqrt{\sigma_{\mu}^2}}$$

#### =NORMDIST( $D, \mu, \sigma_{\mu}, TRUE$ )



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#### The Statistical Distribution of Completion Times of the Path a-b-d-g-h

Area = Prob. = 0.8643



Time (days)



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# **Selecting Risk and Finding D**

$$D = \mu + Z \sqrt{\sigma_{\mu}^2}$$

#### NORMINV (probability, $\mu$ , $\sigma_{\mu}$ , TRUE)



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# **SIMULATION**







# **Traditional Statistics Versus Simulation**

• Similarities

must enumerate alternate paths

- Differences
  - simulation does not require assumption of path independence



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# **THE GANNT CHART**



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### A Gantt Chart of a Sample Project

WBS	Task	Duration	Predecessors	Month 1	Month 2	Month 3
1	а	10.67 days		a		
2	b	12.17 days	1	b 🗌		
3	с	12.33 days	2		c	
4	d	6 days	2		d	
5	е	14.33 days	2		e	
6	f	9.33 days	3, 4		1	F
7	g	10.33 days	4		g	
8	h	7.83 days	5, 7			h



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#### A Gantt Chart of Sample Project Showing Critical Path, Path Connections, Slack, EST, LST, EFT, and LFT

1							F			February			M	March				
WBS	Task	Estimate dur	Start	Finish	Late start	Late finish	09	16	5	23	30	06	13	20	27	05	12	19
1	а	10.67 days	01/14	01/28	01/14	01/28				<b>_</b> 1	i				i			
2	b	12.17 days	01/28	02/15	01/28	02/15				Ľ	-		⊐₁		!			
3	с	12.33 days	02/15	03/03	02/18	03/07					ł		¢		⇒	կ		
4	d	6 days	02/15	02/23	02/15	02/23					İ		¢		-i-	ŕ		
5	е	14.33 days	02/15	03/07	02/17	03/09	]				1						days	
6	f	9.33 days	03/03	03/16	03/07	03/20	]				i –			Į				2.5
7	g	10.33 days	02/23	03/09	02/23	03/09					l							
8	h	7.83 days	03/09	03/20	03/09	03/20					Ì					E		
Critical task Ta													Sta	ck 🗕				
Critical	path and s	tack shown	30%.															



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#### A Gantt Chart of a Day Care Project Showing Expected Durations, Critical Path, Milestone, and Resource Requirements

	Day Care Service Investigation Project Plan										
ID	Task Name	Predecessors	TE Duration	April	May 4/30 05/14 0	June 5/28 06/11 06/	July /25 07/09 07/2	August 23 08/06 08/20			
1	Develop employee survey to assess need and desire		2 wks		Proj Mgr						
2	Send survey out to staff	1	0 days	] .	Č.						
3	Develop ad campaign to get staff to participate in survey	1	1.67 wks	] [	Marl	reting					
4	Surveys returned	2, 3	11.67 days	] [		<b>}</b>					
5	Analyze results	4	1.27 wks	] [		Proj M	gr				
6	Meet with YMCA to assess and verify proposal service		3 wks	HR, Proj Mgr							
7	Identify other centers in the area (usage, fee structure, etc.)		5.83 wks			HR					
8	Cost/Benefit analysis complete	6, 7, 5	7.5 days	] [		Fin	ance, Proj Mgr				
9	Go/No Go decision	8	1.07 wks	] [		¦ 🗖	Exec Team				
10	If Go – develop implementation action plan	9	3 wks			¦ [					
1	HR, Project Mgr, Marketing										
Critic	al path, slack, and resources sho Task	Critical task [		Milestone 🔇	> Slack -						
Proje Proje	ct start date: 04/21 ct finish date: 07/20										



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#### A Progress Report on a Day Care Project Showing Actual Progress Versus Baseline

	Day Care Investigation														
ID	Task Name	Actual Dur.	Baseline Dur.	Start	Finish	Baseline Start	Baseline Finish	04/02	04/30	05/28	06/25	07/23			
1	Develop employee survey to assess need and desire	2 wks	2 wks	04/21	05/04	04/21	05/04		100 %	•	•				
2	Send survey out to staff	0 days	0 days	05/04	05/04	05/04	05/04	1	100 %						
3	Develop ad campaign to get staff to participate in survey	1.67 wks	1.67 wks	05/05	05/17	05/05	05/17	1							
4	Surveys return	2.33 wks	11.67 wks	05/19	06/05	05/17	06/01	1	100 %						
5	Analyze results	0.2 wks	1.27 wks	06/09	06/19	06/02	06/12	1	<b>16</b> %						
6	Meet with YMCA to assess and verify proposal for service	2 wks	3 wks	04/21	05/04	04/21	05/11								
7	Identify other centers in the area (usage, fee structure, etc	.) 5.83 wks	5.83 wks	04/21	06/01	04/21	06/01								
8	Cost/Benefit analysis	0 days	7.5 days	06/19	06/28	06/12	06/21								
9	Go/No Go decision	0 wks	1.07 wks	06/28	07/06	06/21	06/29	□ <b>□ 1</b> 0 %							
10	If Go – develop implementation action plan	0 wks	3 wks	07/06	07/27	06/29	07/20	1				□ <sup>0%</sup>			
Project	t start date: 04/21 Task		Baseline tas	k 🖂		Mi	estone 🛇								
Project	t current date: 10/04 Progress		Completed r	milestone	$\diamond$										
Progre	ess shown														



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# **EXTENSIONS TO PERT/CPM**



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#### **Precedence Diagramming**

Finish-to-start linkage

Start-to-start linkage

**Finish-to-finish linkage** 

Start-to-finish linkage



# **Precedence Diagramming Conventions**





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#### **Other Methods**

- Graphical Evaluation and Review Technique (GERT)
  - combines flowgraphs, probabilistic networks, and decision trees
  - allows loops back to earlier events and probabilistic branching





#### Reference

• Meredith, R. J. & Mantel, J. S. (1995). *Project Management – A Managerial Approach*. John Wiley & Sons, 5th Edition.