

Tolerance

- Tolerance is set in PL
- Allows Mgmt by Excpt

Permissible deviation above & below a plan's estimate of T & £ without having to escalate to the next level of mgmt

- Tolerances for whole project are given to the Project Board by Corporate / Programme Management in the Project Mandate
- Project Board agrees with PM tolerance for each stage, once the stage plan has been produced
- PM may agree tolerance for a work package with Team Manager
- If tolerance is forecast to exceed, that level of management must refer the matter to the next higher level

Elements

- 2 Std elements = T & £
- Other tol elements :
 - Scope tol ; if no tol for T or £, may be agreement to meet T & £ limits by delivering reduced functionality
 - Qty tol ; e.g. any colour as long as it's black ; house red instead of vintage red
 - Risk tol ; e.g. Co. in £ trouble may have very little £ risk tol, but may allow a lot of risk in terms of qty
 - Benefit tol ; implies setting boundaries either side of the benefit. As long as benefit is f/s to fall within boundaries it would contribute to a viable BC

Contingency, tol & Change Budget

- Contingency in P2 is a plan including time and budget set aside to carry out that plan, which will only be invoked if a linked risk actually occurs
- Tolerance is built into a plan to allow for small problems, and should not be confused with a change budget. It is not for when users change their minds
- If no change budget, temptation is to use tolerance. The alternative is the PM has to go back to the Project Board and ask for more money to pay for the change. This can be irritating and time wasting, especially if the Executive then has to go back to Corporate / Programme Management for the extra funds.

