


# **Cost Mgmt - Estimating**

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# Cost Management and Estimating

The background of the slide features a large, semi-transparent globe in the upper right corner, with a pen nib pointing downwards towards the center. The globe is rendered in a light, golden-brown color, matching the overall warm, textured background of the slide. The pen nib is dark and positioned as if about to write on a surface. The overall aesthetic is professional and academic.

## Agenda

- PMBOK Relationships
- Real World Relationships
- Estimating Costs
- Determine Budget
- Control Costs
- Summary



# **PMBOK RELATIONSHIPS**



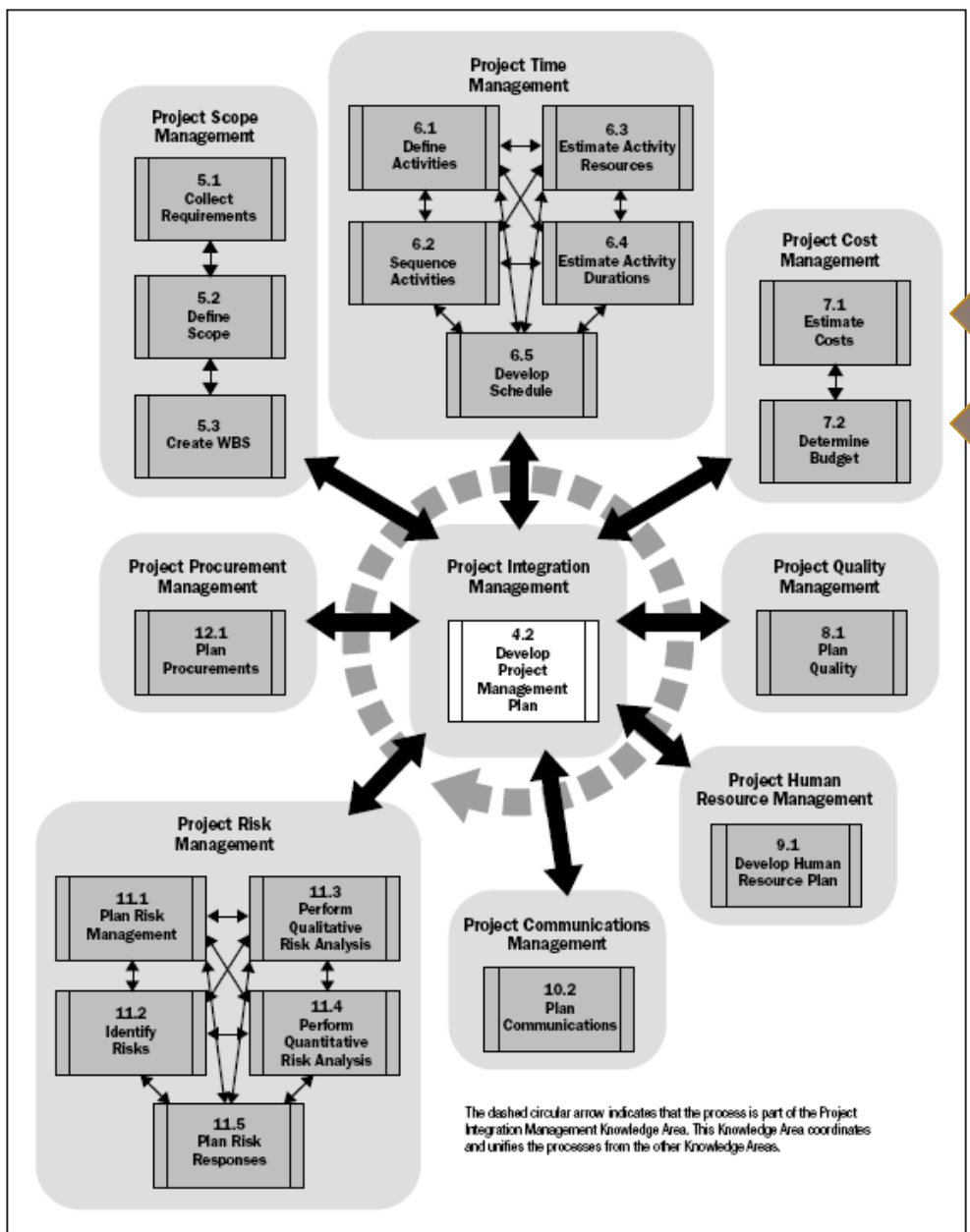
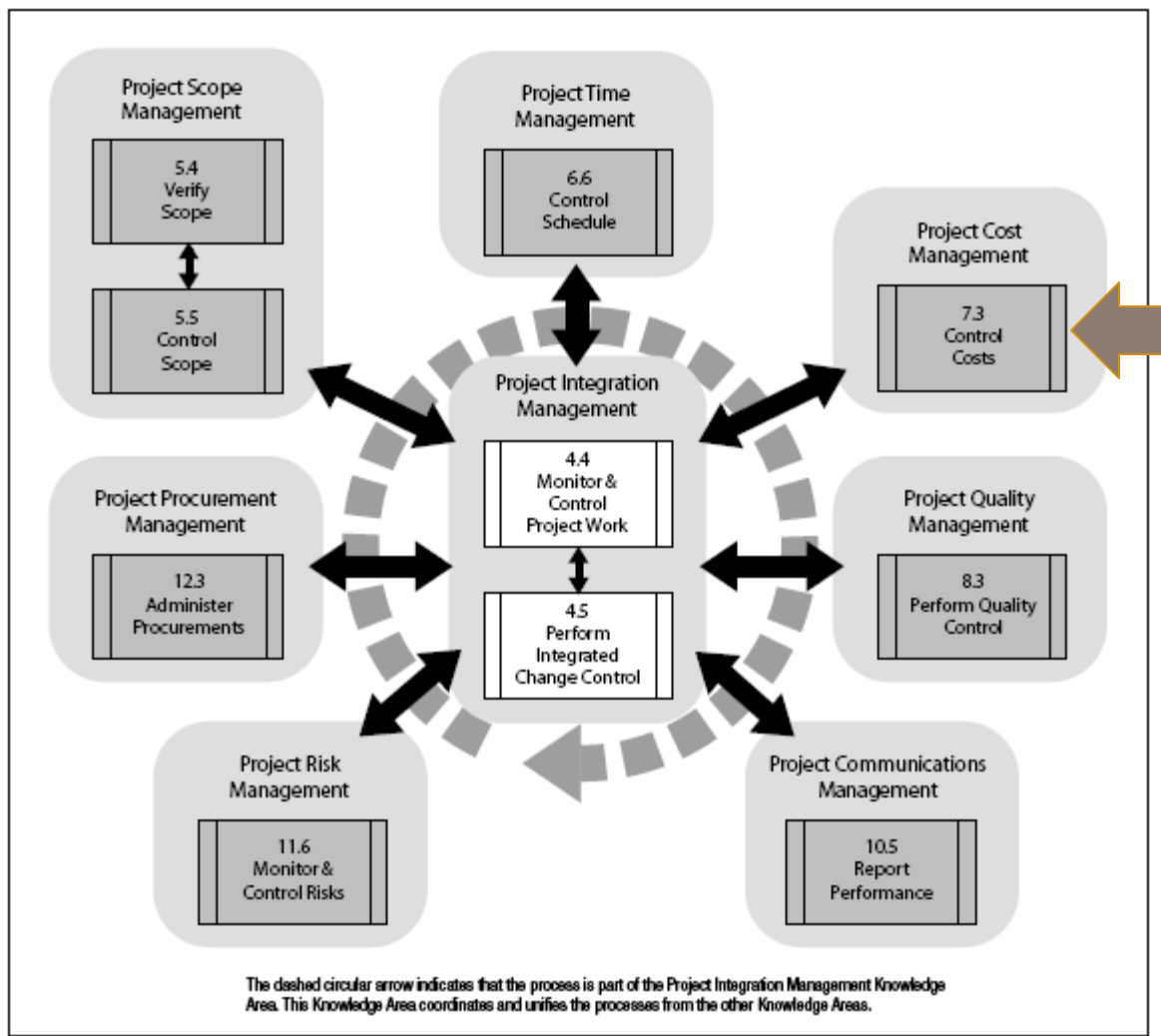
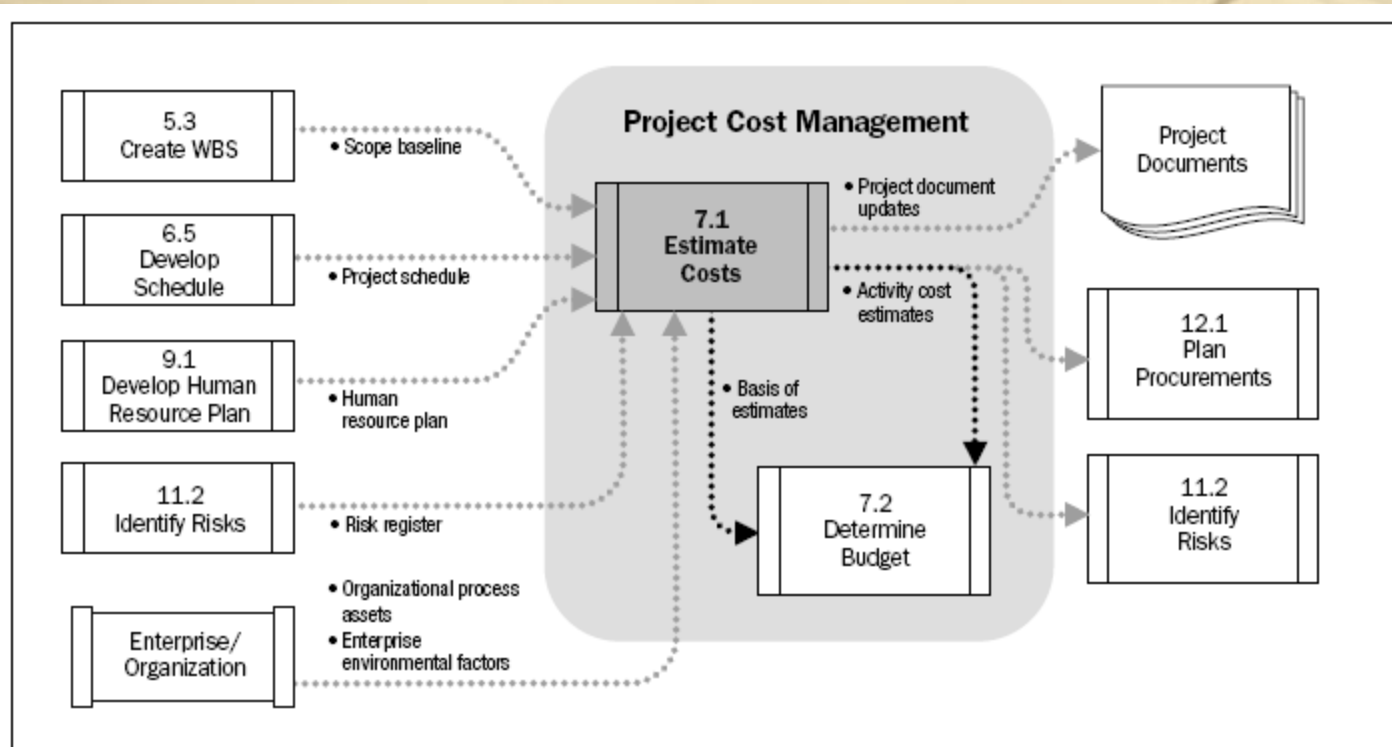


Figure 3-8. Planning Process Group

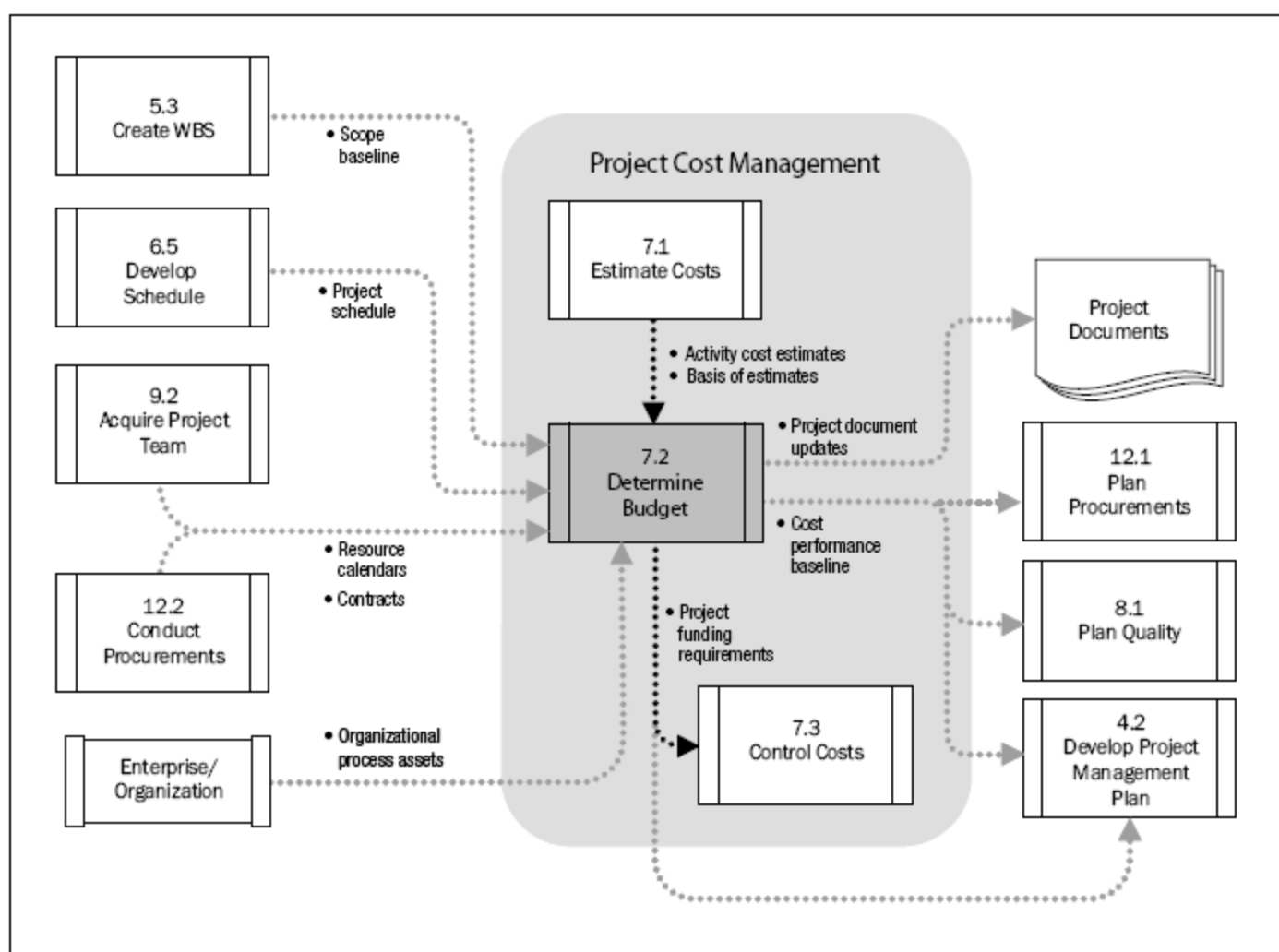


**Figure 3-38. Monitoring & Controlling Process Group**

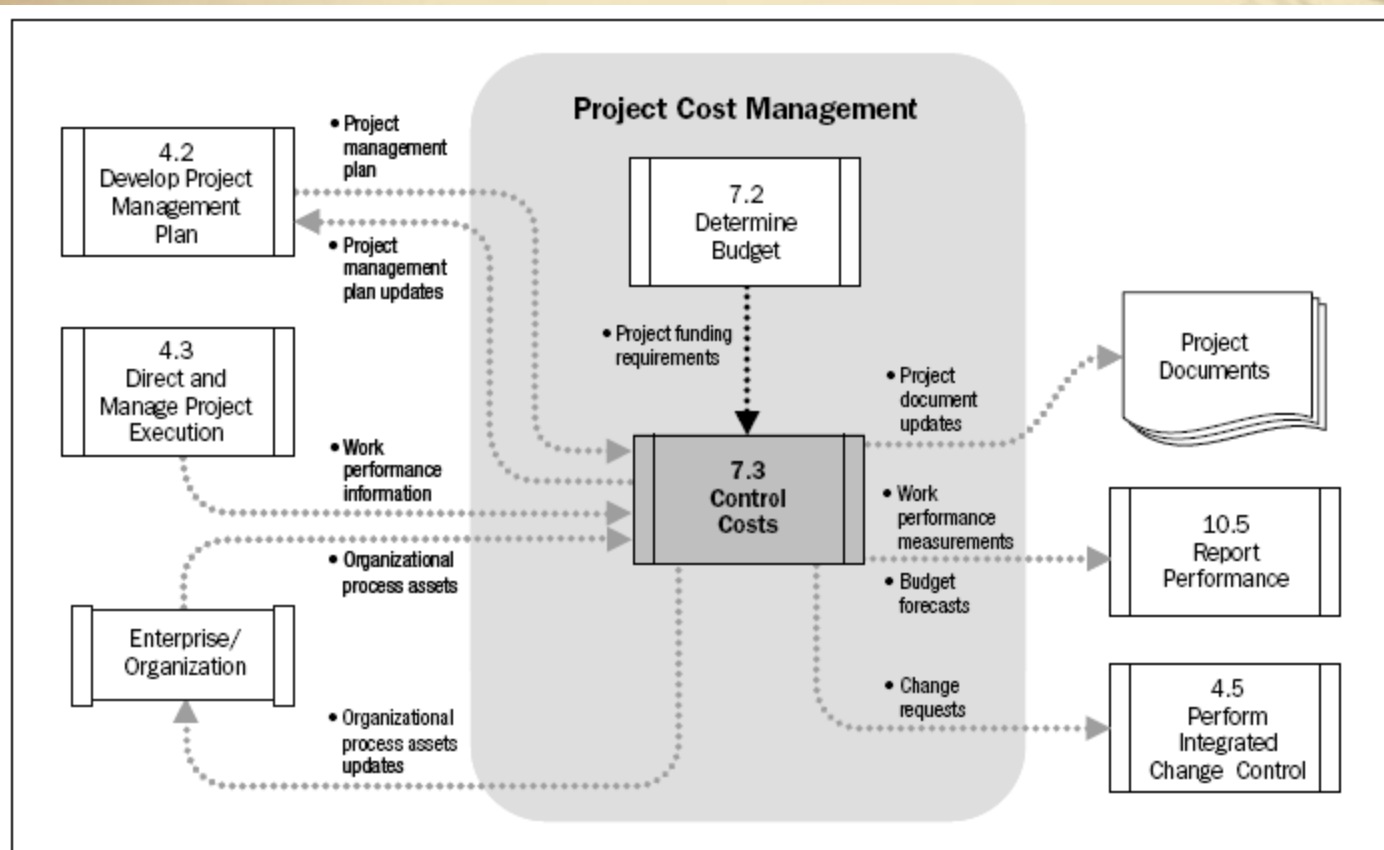


**Figure 7-3. Estimate Costs Data Flow Diagram**






**Figure 7-5. Determine Budget Data Flow Diagram**



**Figure 7-8. Control Costs Data Flow Diagram**





# **REAL WORLD RELATIONSHIPS**

# PM Nirvana

- I need you deliver PROJECT A. Could you please tell me what it's BUDGET, the DATE you can deliver it and what FEATURES will be included?



# Real World Relationships

- I need you to manage a project to deliver PROJECT A and you only have X BUDGET...





# Real World Relationships

- I need you to manage a project to deliver PROJECT A and it MUST be delivered by Y DATE...



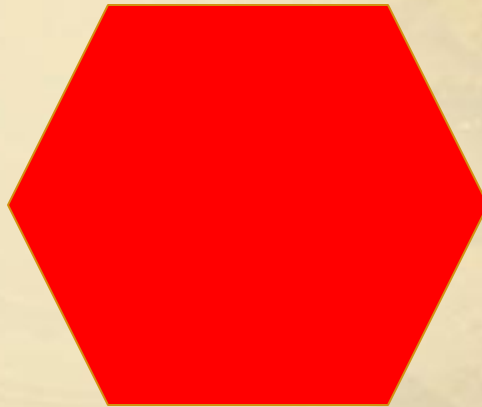
# Real World Relationships

- I need you to manage a project to deliver PROJECT A and you only have X BUDGET, and I absolutely need it in by this DATE...



# Real World Relationships

- I need you to manage a project to deliver PROJECT A and you only have X BUDGET, and I absolutely need it in by this DATE with these FEATURES included...







# **ESTIMATE COSTS**

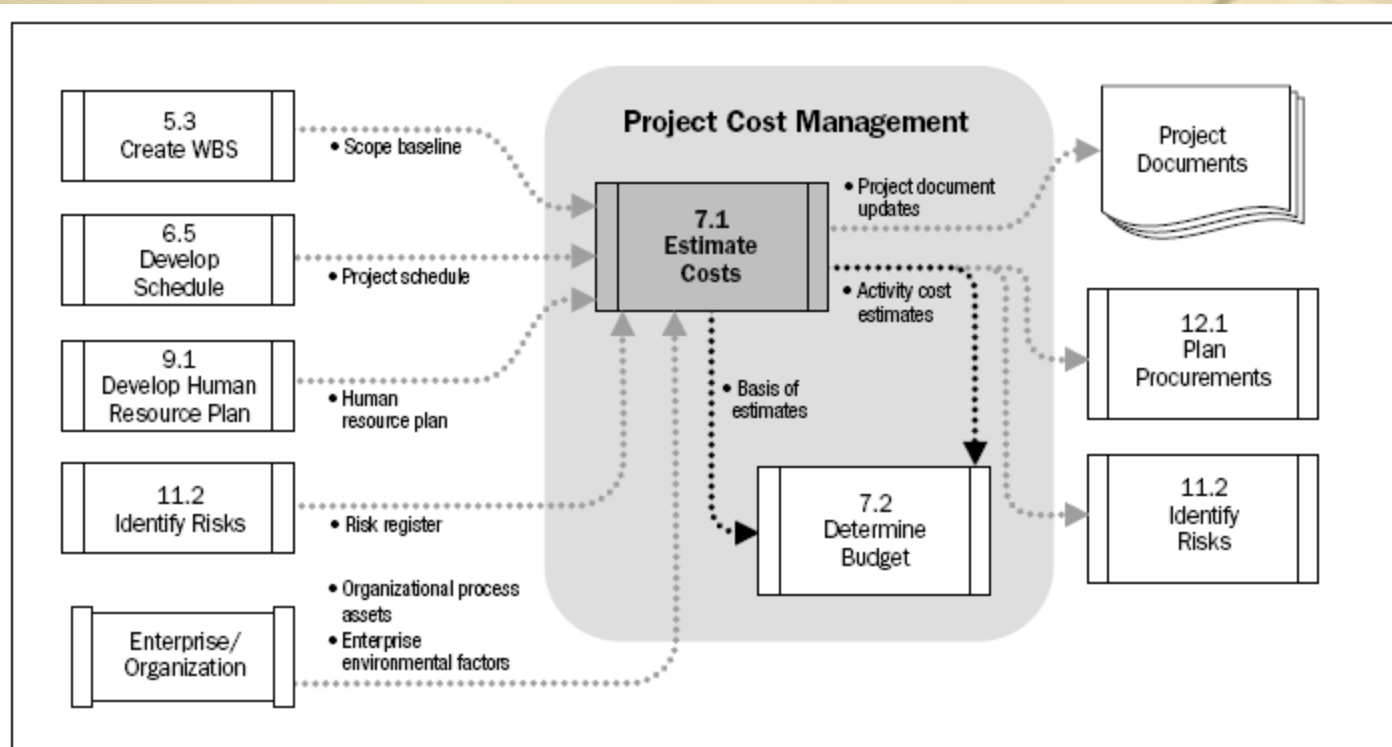
# When does estimating occur?

- Initiation = +/- 25%
- Planning = +/- 12%
- Requirements = +/- 5%

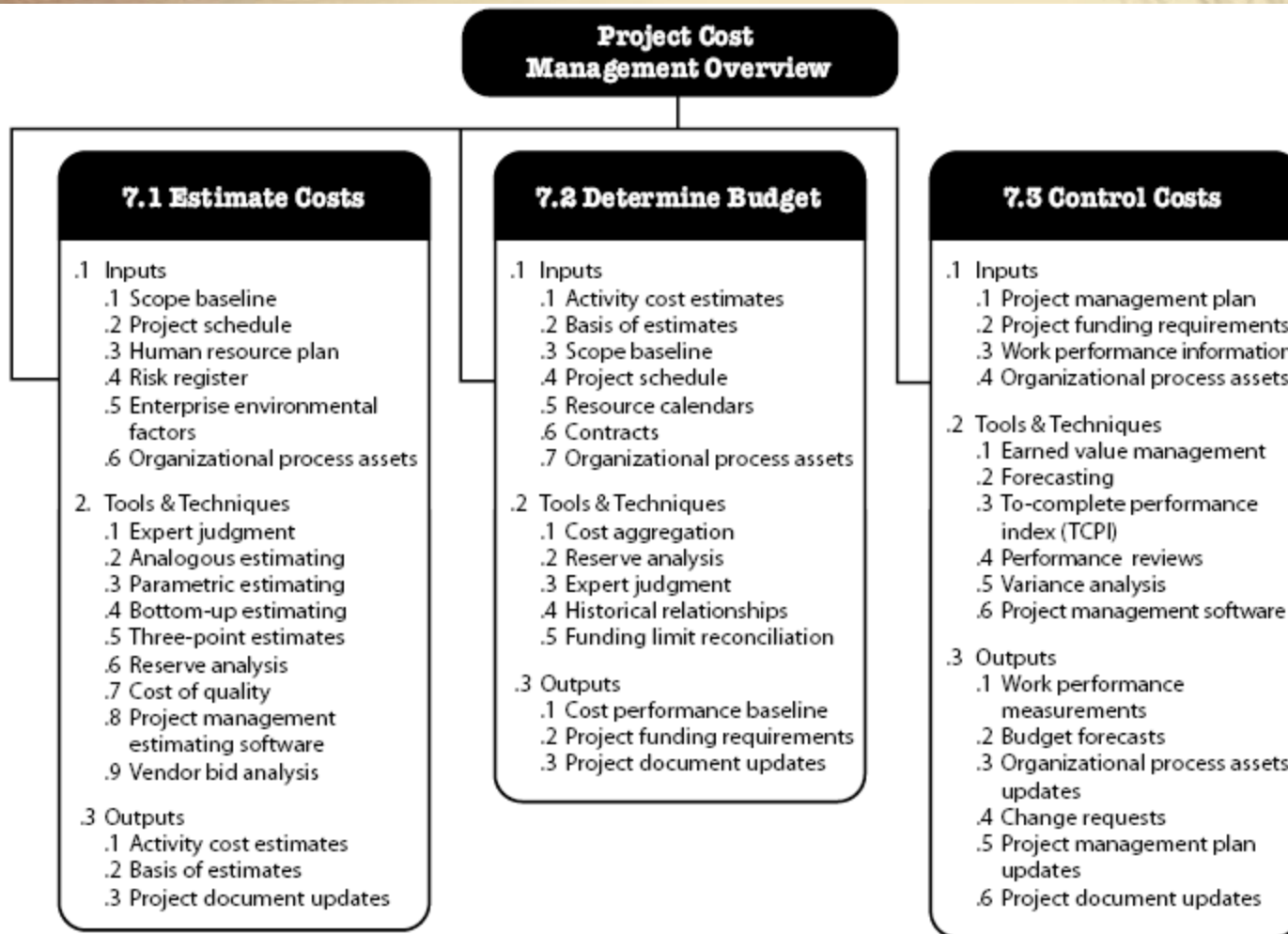
# Estimate Cost

- All I need is the WBS, my hourly rate and a calculator, right?
- Depends on how accurate you wish to be...



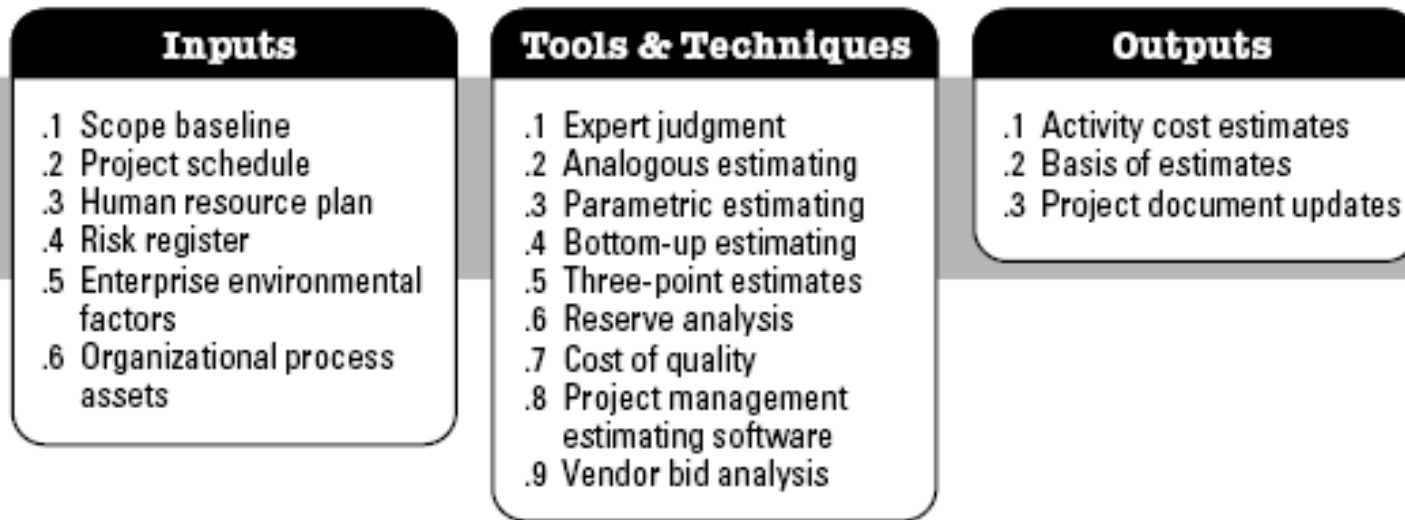


**Figure 7-3. Estimate Costs Data Flow Diagram**



**Figure 7-1. Project Cost Management Overview**

# Estimate Costs



**Figure 7-2. Estimate Costs: Inputs, Tools & Techniques, and Outputs**

- WHY THESE INPUTS?



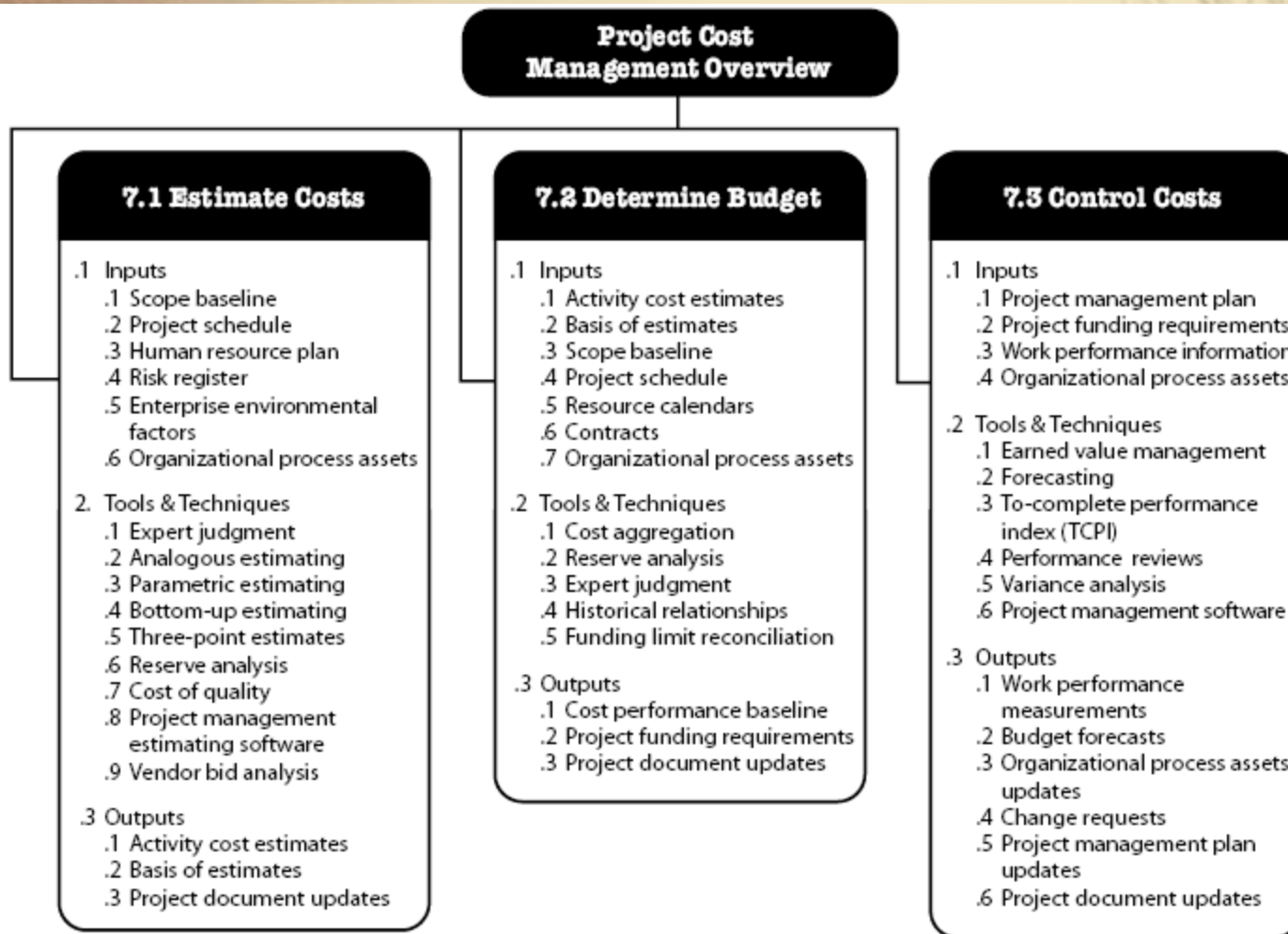
# Estimating Cost

The background of the slide features a faded, artistic rendering of a globe and a compass rose. The globe is positioned in the upper right quadrant, showing latitude and longitude lines. The compass rose is located in the lower right, with its cardinal directions (North, South, East, West) indicated by stylized arrows. The overall color palette is warm, with shades of gold, brown, and beige.

- What additional tools/techniques do YOU use?

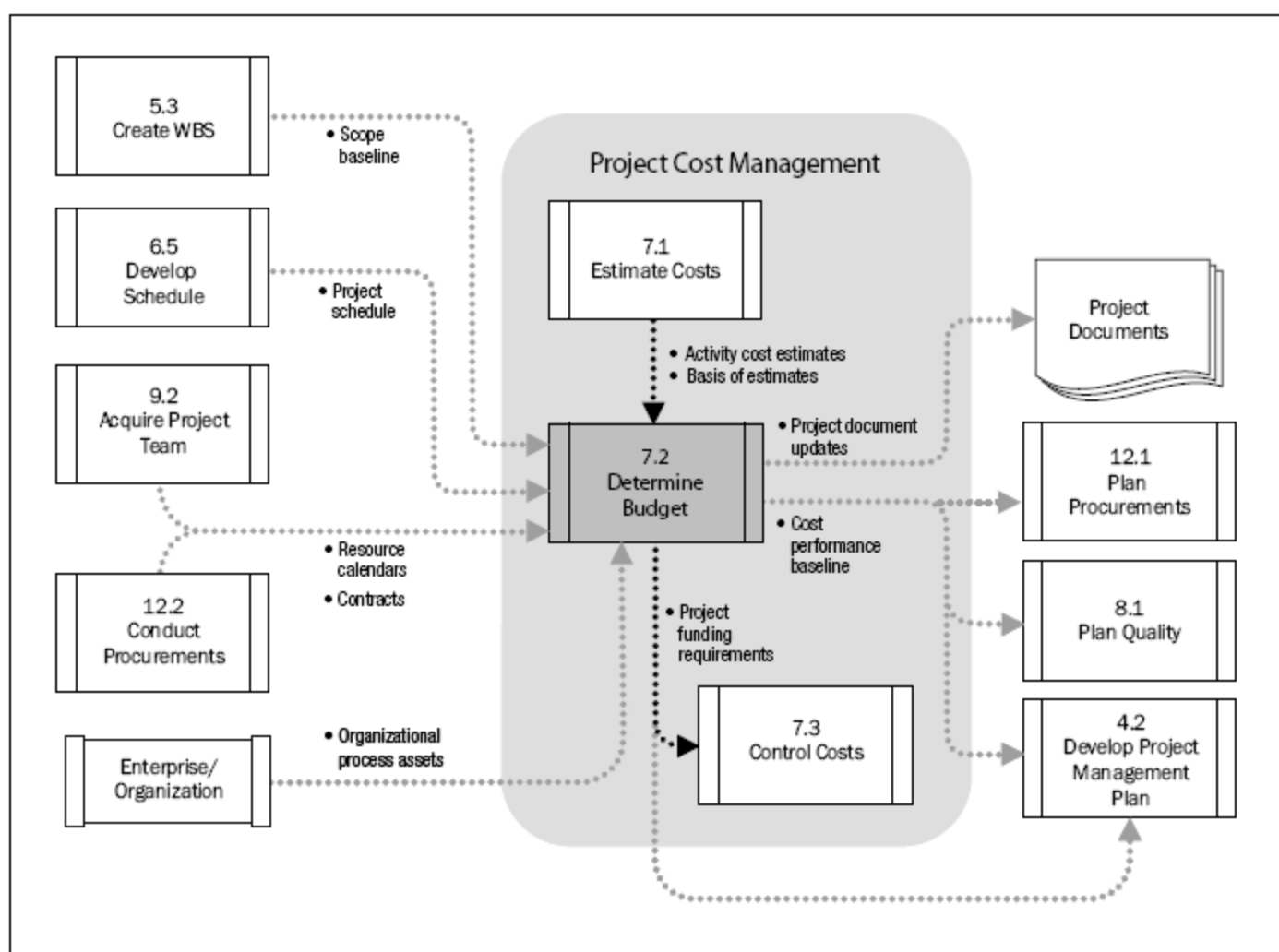


# **DETERMINE BUDGET**



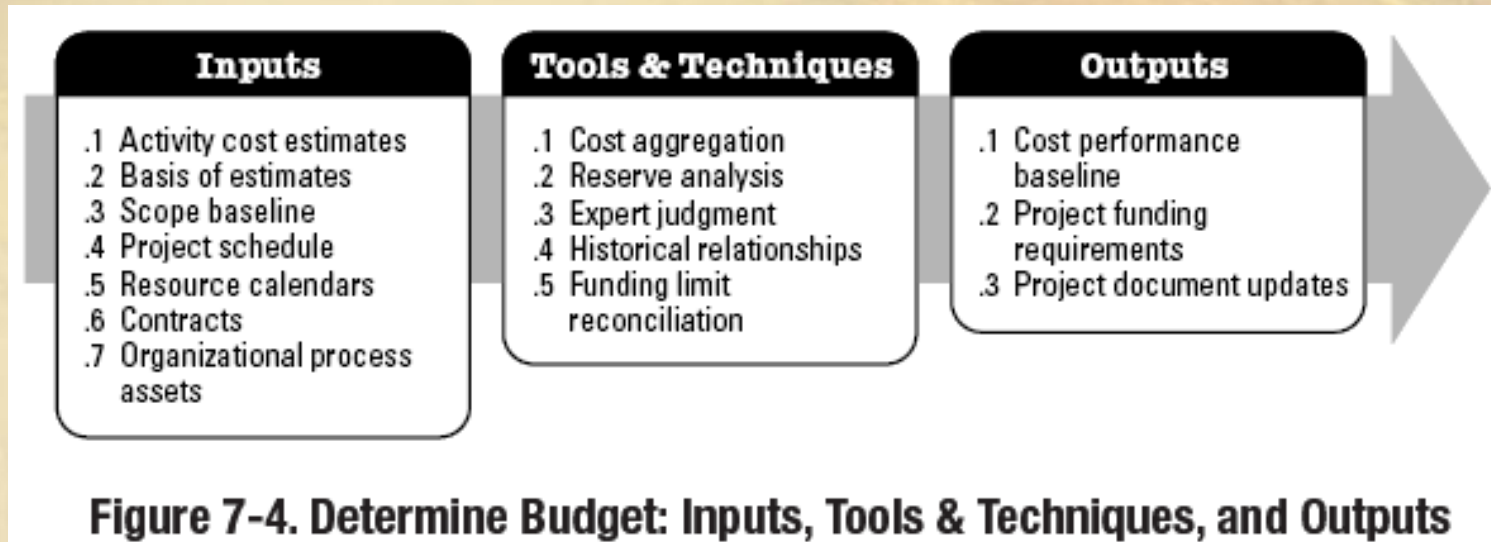
**Figure 7-1. Project Cost Management Overview**



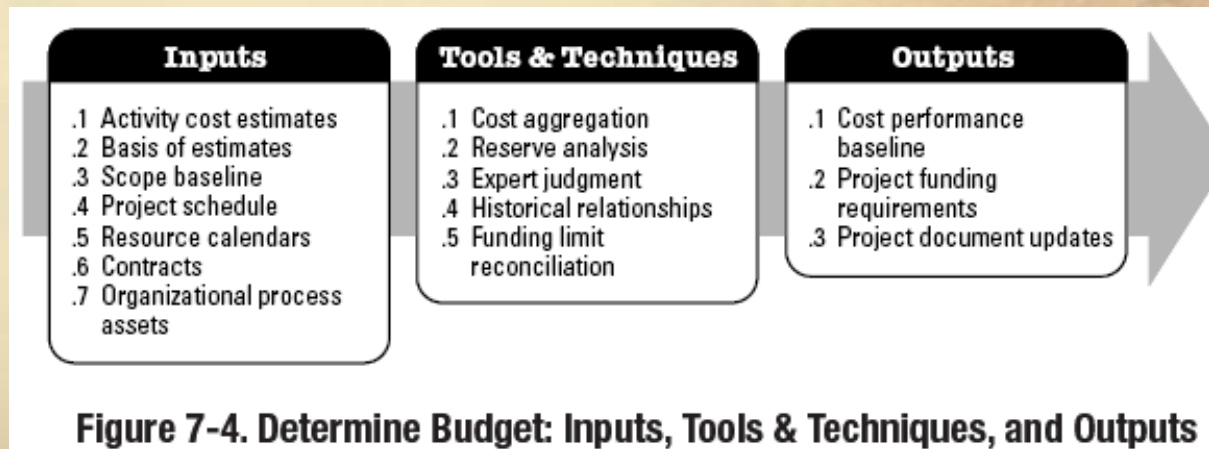
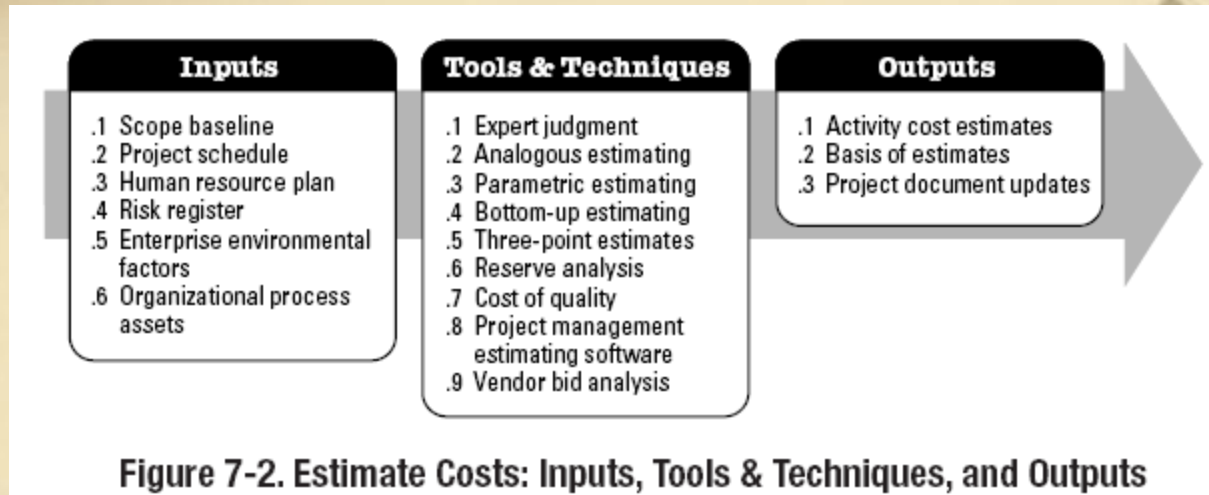


**Figure 7-5. Determine Budget Data Flow Diagram**

# Determine Budget



# Real World NOTE



- DONE TOGETHER!!!!



# Determine Budget Output

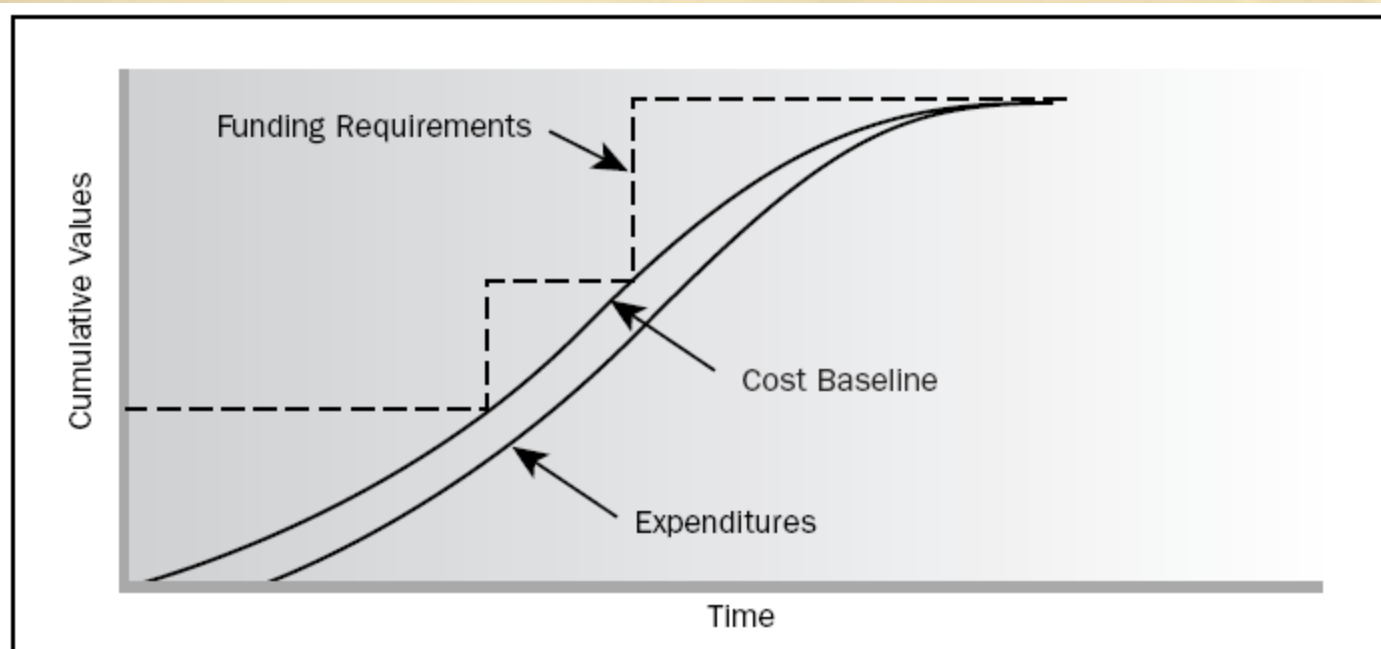
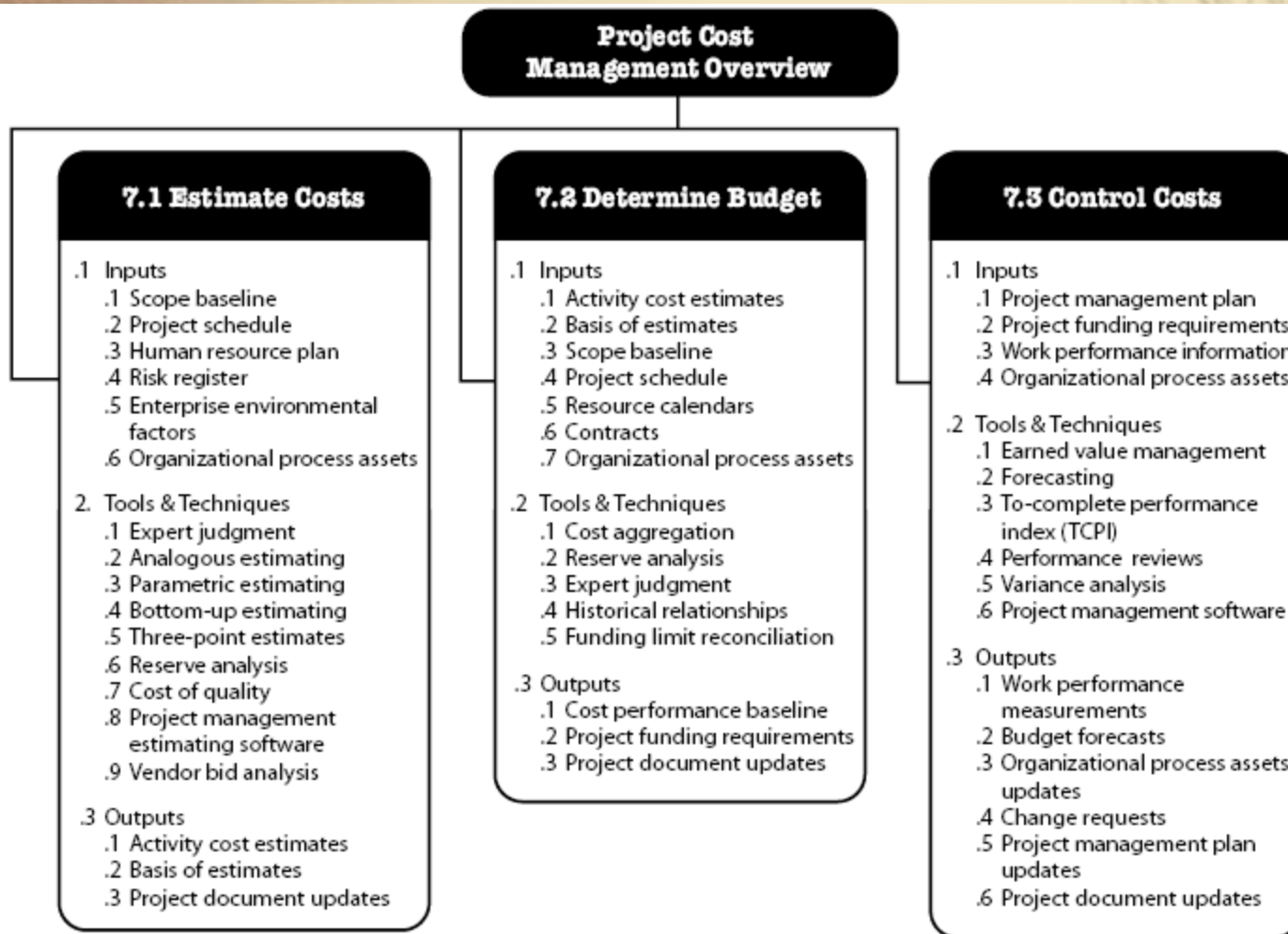


Figure 7-6. Cost Baseline, Expenditures, and Funding Requirements

- Funding MUST be available

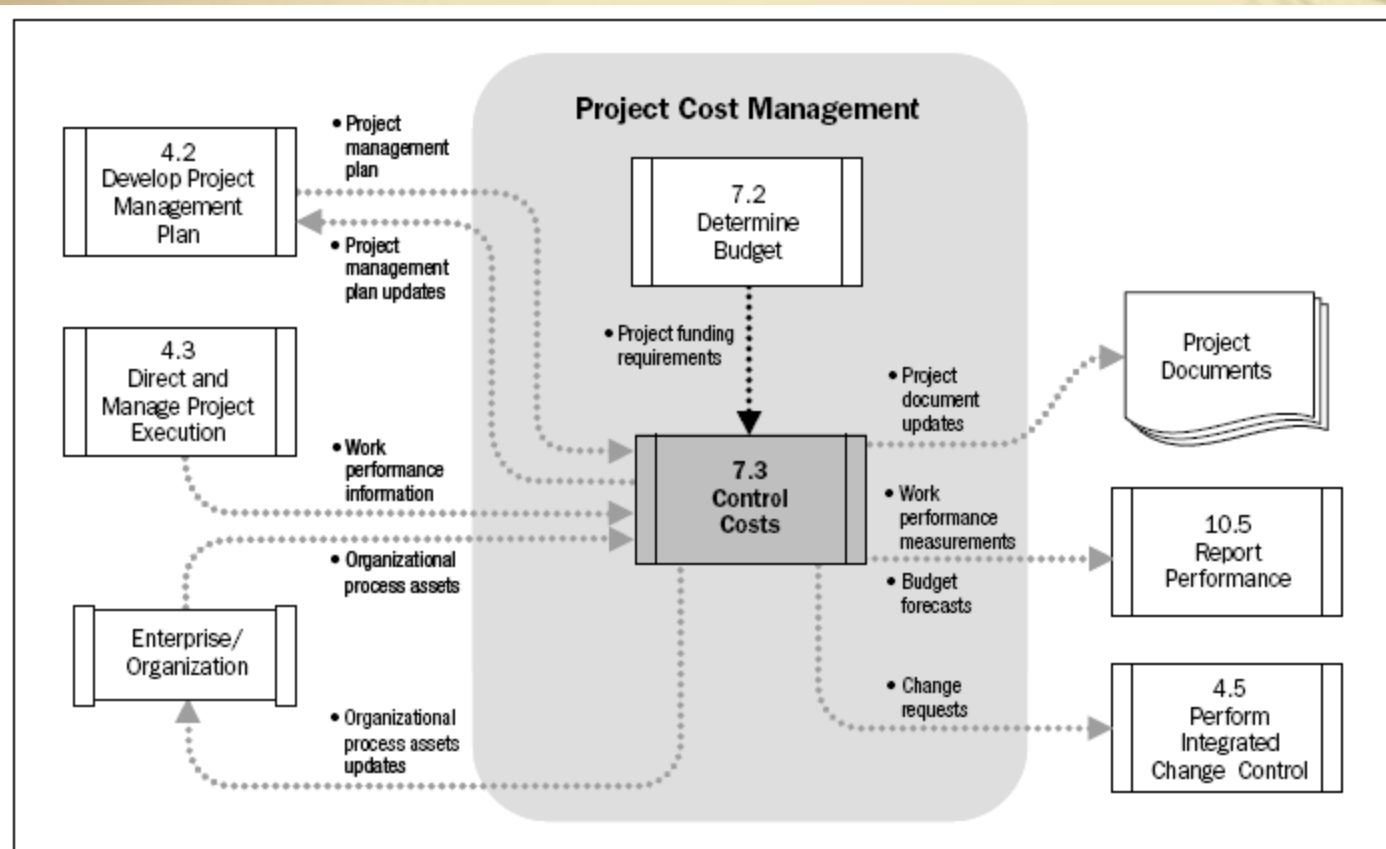


# **CONTROL COSTS**



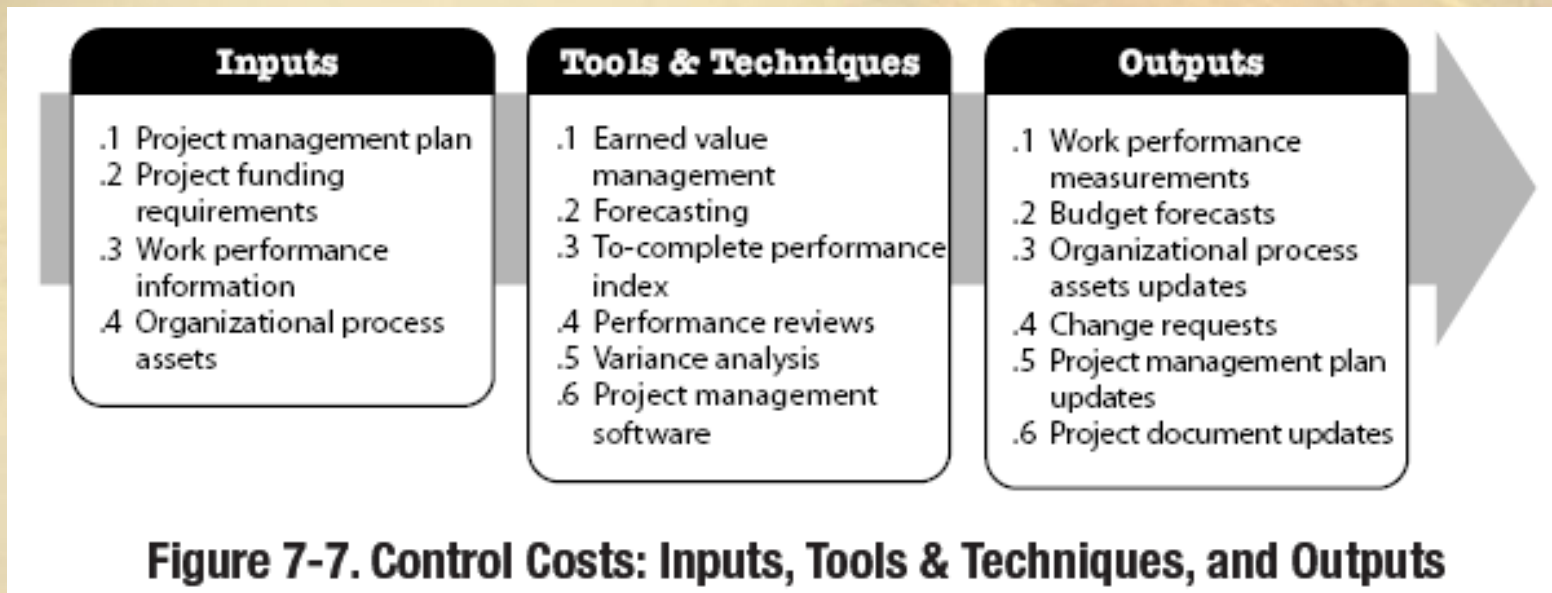
**Figure 7-1. Project Cost Management Overview**





**Figure 7-8. Control Costs Data Flow Diagram**

# Control Costs



# Control COST

The background of the slide features a stylized, sepia-toned globe with a grid of latitude and longitude lines. A compass rose is positioned in the upper right corner, and a pen nib is shown pointing towards the center of the globe. The overall aesthetic is that of an old, navigational map or a historical document.

- How do YOU control costs?



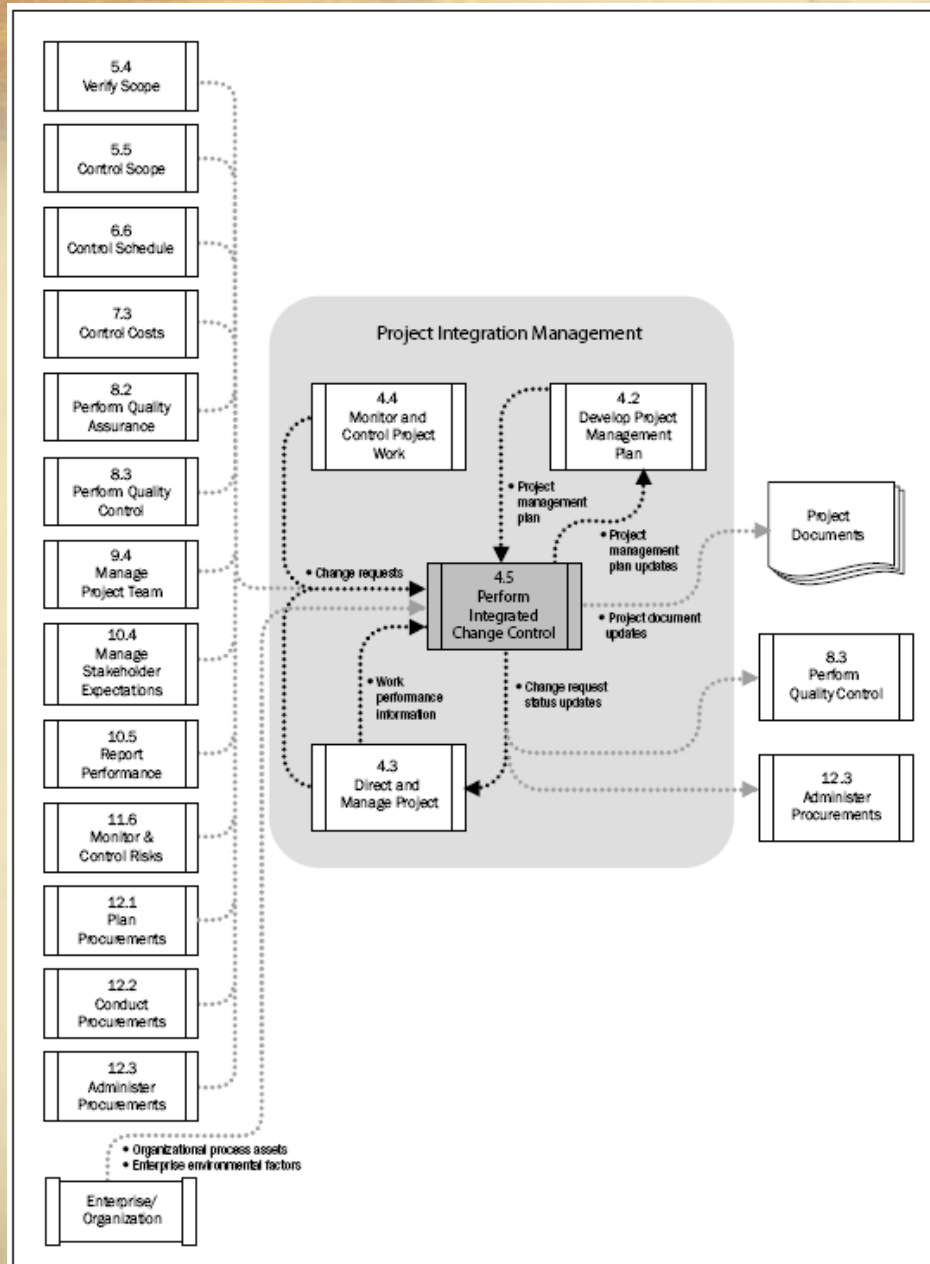


Figure 4-11. Perform Integrated Change Control Data Flow Diagram

# Control Costs

- Document all assumptions
  - Actively manage stakeholder expectations
  - Rigorously defend from Scope Creep
  - Actively discourage “Gold Plating”
  - Assign HIGHLY qualified resources
- 
- Resist Borrowing from your project or Vice Versa

# Cost Management Summary

- Effective Cost Management can only be achieved when Estimating is based on quality inputs and produces a Budget that can be Monitored and Controlled throughout the life of the project.



The background of the slide features a faded, artistic rendering of a globe with a grid of latitude and longitude lines. In the upper right corner, there is a compass rose with four directional points. The overall color palette is warm, consisting of various shades of yellow, gold, and brown, giving it a vintage or historical feel.

# Questions

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