Comes up with cost estimates of each activity Does NOT combine all estimates into one Better ctrl. of Projects How estimates are stated Level of accuracy Reporting formats Rules for measuring performance Determine how you will do planning - part Cost Mgmt. Plan includes of all mgmt. plans If costs include "Direct" & "Indirect" costs Allowed variation before taking action Ctrl. Threshold Cost Change Ctrl. procedures Q Efforts Reserve Analysis Risk Efforts PM's Time P Mgmt. Activities Mat. Estimate what... **Direct Costs** Training Office expenses Profit (i.a.) Estimate time & costs Office Expenses Overhead Costs Mgmt. Salaries Travel, wages, etc. Direct Taxes, benefits, janitorial service, etc. Indirect Type of Costs Set-Up, rent, etc. Fixed Mat., supplies, etc. Variable Looking at costs of whole life of PRODUCT, not just PROJECT Life Cycle Costing Terms Decrease cost while maintaining scope 7.1 Estimate costs Value Analysis **Expert Judgement** Predicts future with historical records & expert judgement Analogous Est. Top-Down Est. For WHOLE P or ACTIVITY / WP Detailed est. of activity then rolled up into ctrl. accounts & finally into overall P est. Bottom-Up Est. Est. by standard, historical records or calc relationships (€/m²) Scatter Diagram Parametric Est. Regression Analysis Created Tools/Techniques Learning curve Pessimistic/Most likely/Optimistic - = Start 3 Point Est. (PERT) Range of est. calculated: EAD $\pm \sigma$ + = EndThe further away from mean the more - risk, - can go wrong Reserve Analysis Cost of work to accommodate Q efforts CoQ Details of what you are estimating Scope Baseline Contains activities & resources assigned Project Schedule WHEN you buy can affect costs Schedule needed BEFORE est. costs Spendings during specific periods of time Input Costs reward system HR Plan Lists intended HR Costs RM Risk Register EEF OPA **Basis of Estimates** Activity Cost Est. Output Updt. P doc's