

ESTIMATION OF BUSINESS EXPENSES

1. INTRODUCTION:

1.1 Overview:

Before getting into our lightning round of business estimate facts, let's talk about what is an estimate in business. A business estimate is a document detailing how much you plan on charging a customer for a good or service. It breaks down costs line by line (e.g., each cost for providing drywall installation) so customers know where the total is coming from. Creating an estimate helps you outline the scope of a project, how much it's going to cost you (in both time and money), and how much you'll earn. In short, this document estimates the time, money, materials, and labour needed to provide a good or service. When a customer agrees to an estimate, they should understand that they're agreeing to an amount that is subject to change. The final bill (i.e., [invoice](#)) might be more or less than the estimated total. Sometimes, people use the terms estimate and quote interchangeably. However, they are not the same. Again, an estimate is an approximate amount of money (aka a best guess) of how much a job could cost. Estimate prices can change as you start performing the work and hit unforeseen hiccups . A quote, on the other hand, is more exact and binds you (and the customer) to the quoted price. When a customer OKs a quoted price, they're agreeing to pay you a set, fixed price for the work. If you provide an estimate, your price could increase or decrease depending on the time and materials it takes you to complete the job. But if you quote the customer, they need to pay you the quoted price.

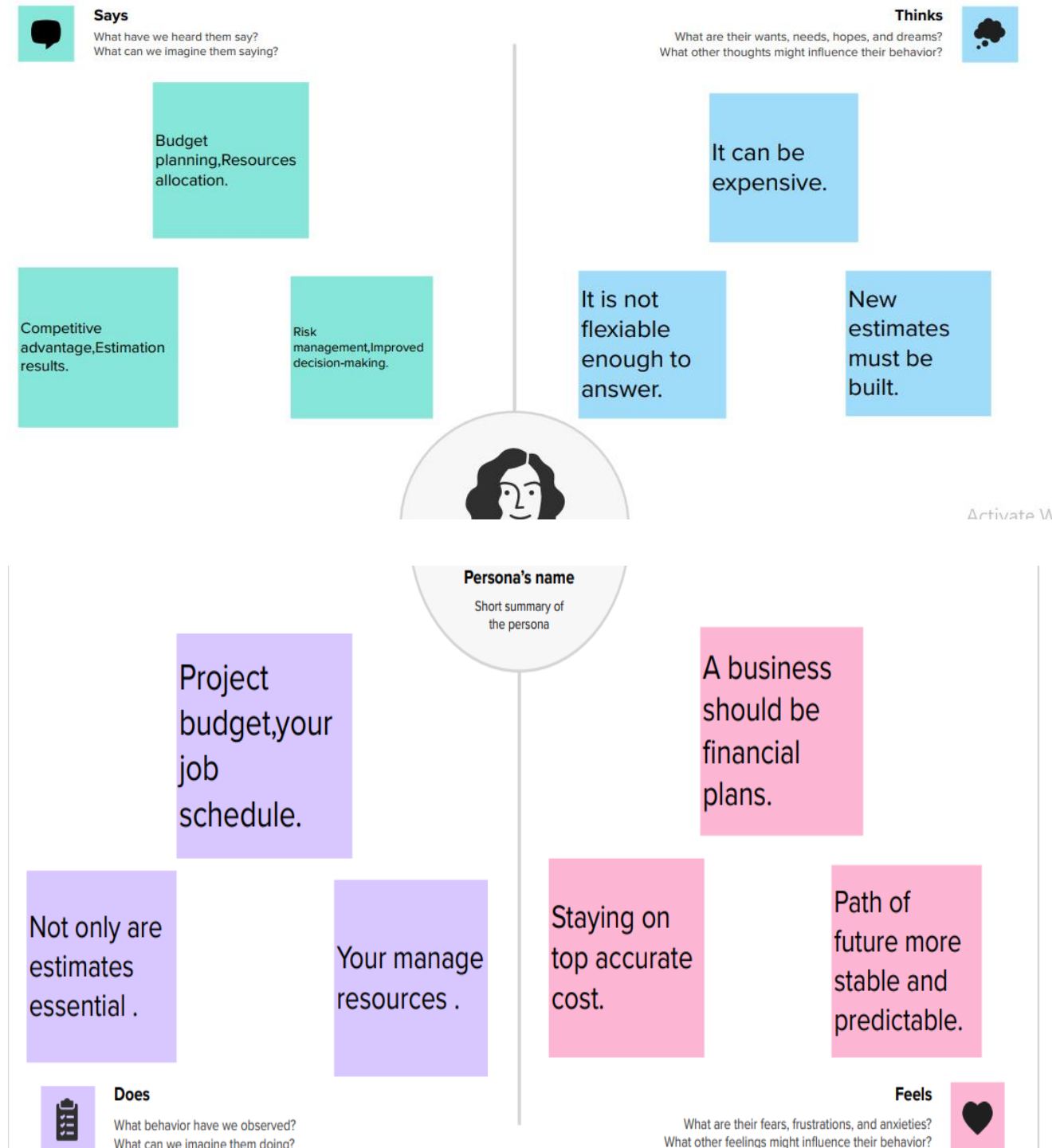
1.2 Purpose:

Although not all business estimates look the same, most follow a standard template. That way, customers know what they're looking at and where to find information. Do you know [what to say when sending an estimate](#)? Knowing how to write an estimate boils down to understanding these standard sections of an estimate. Your estimate should include:

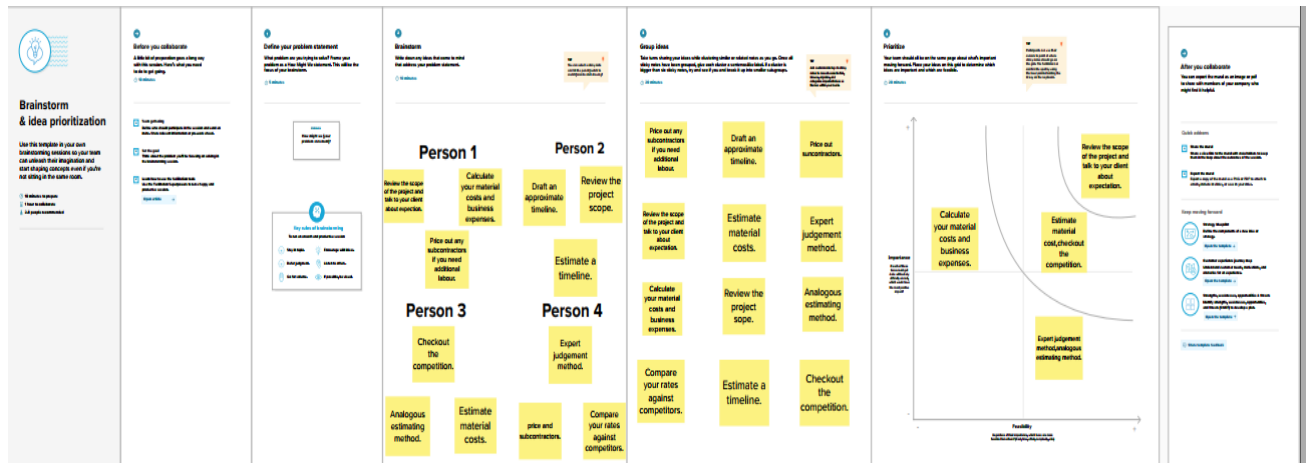
- Your business information, The customer's information, Estimate number, The date you create the estimate, Expiration date (if applicable) , Products or services included*
- Quantity , Price of each product and/or service , Description of what you're providing , [State sales tax](#) , Estimate total .*

2. PROBLEM DEFINITION & DESIGN THINKING

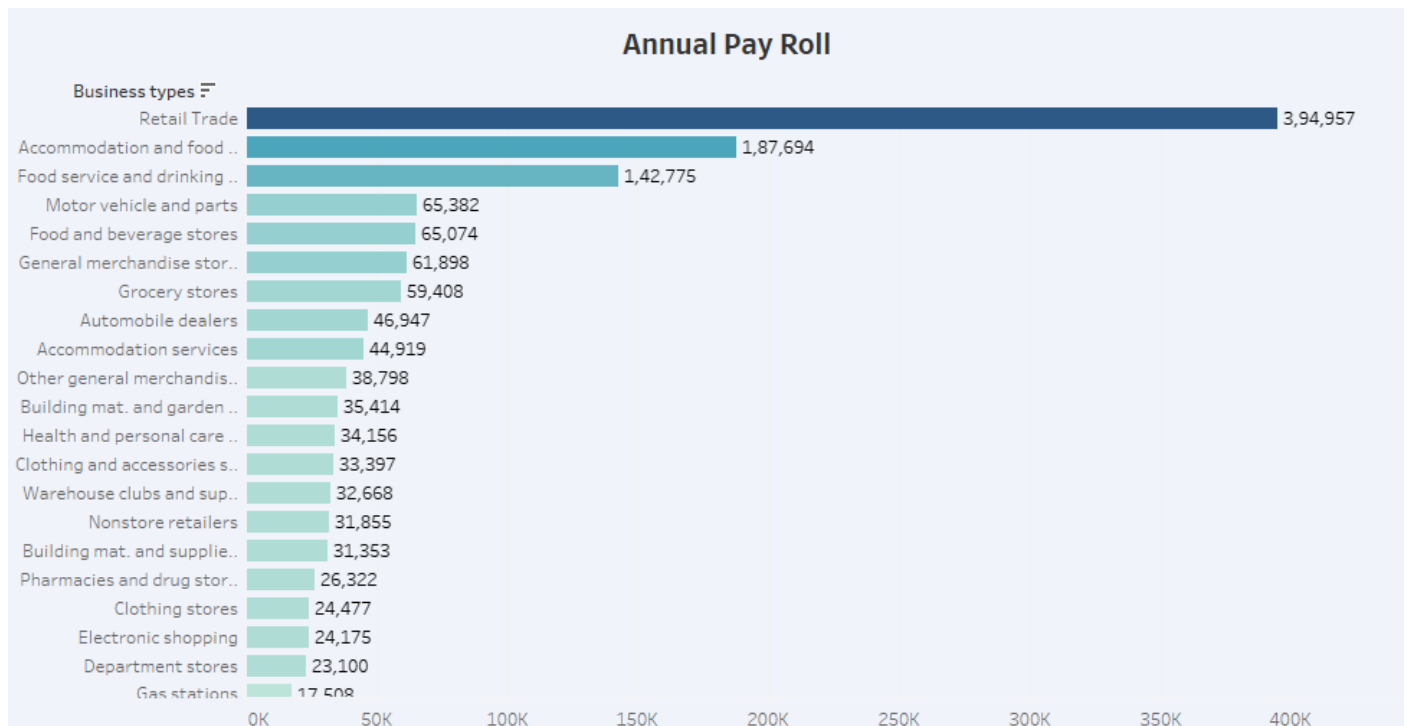
2.1 Empathy map :

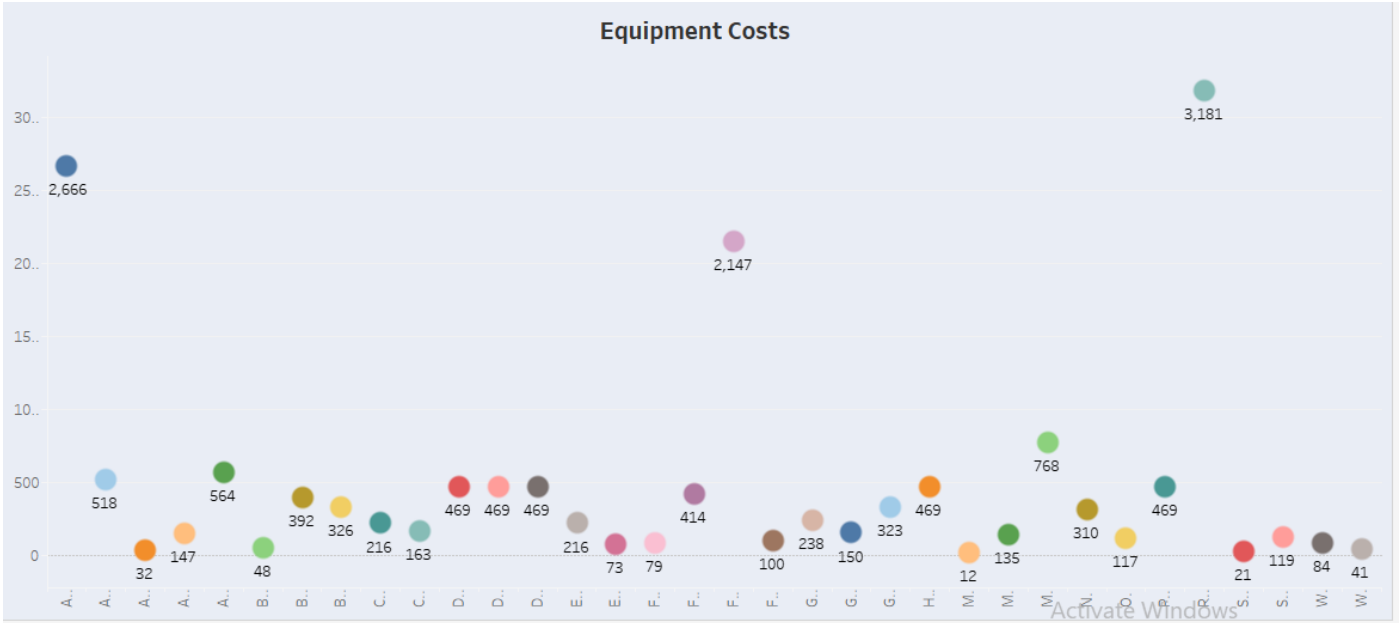
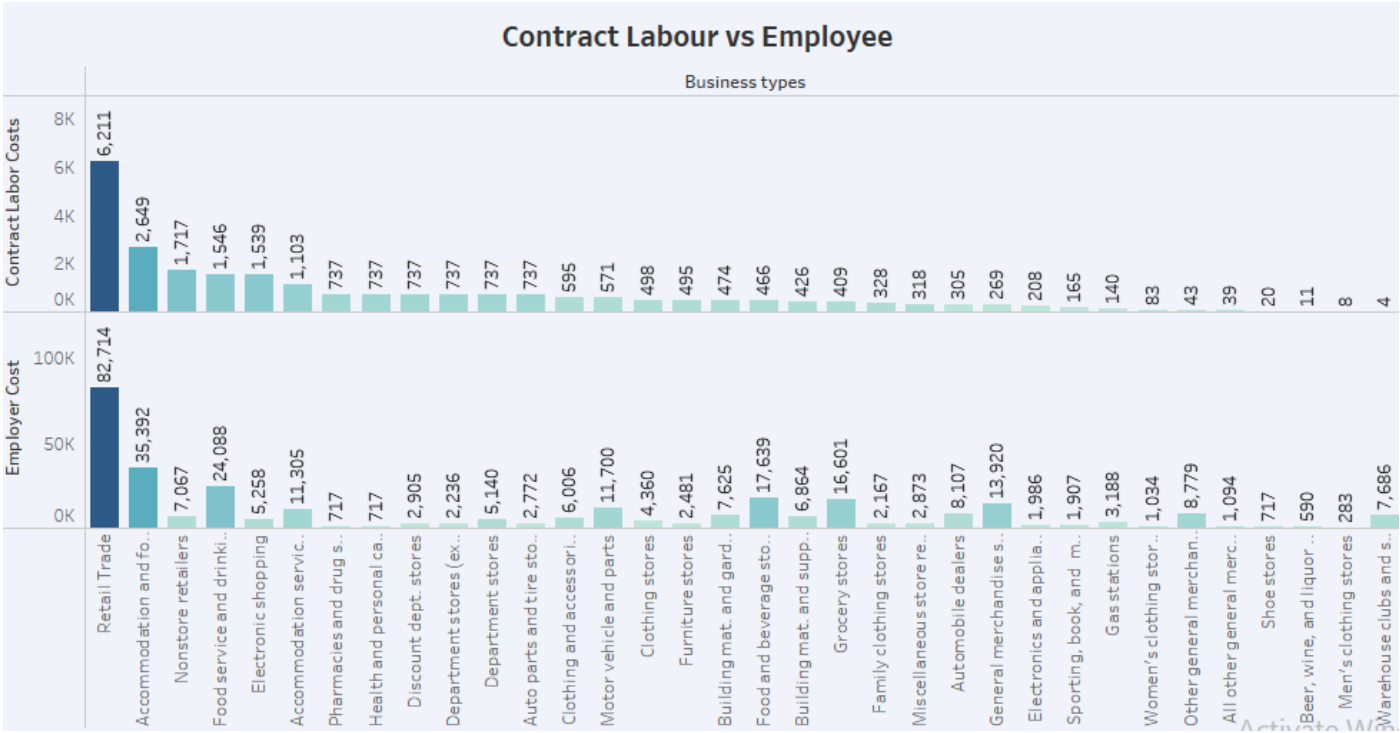


2.2 Ideation & Brainstorming map :



3. RESULTS:



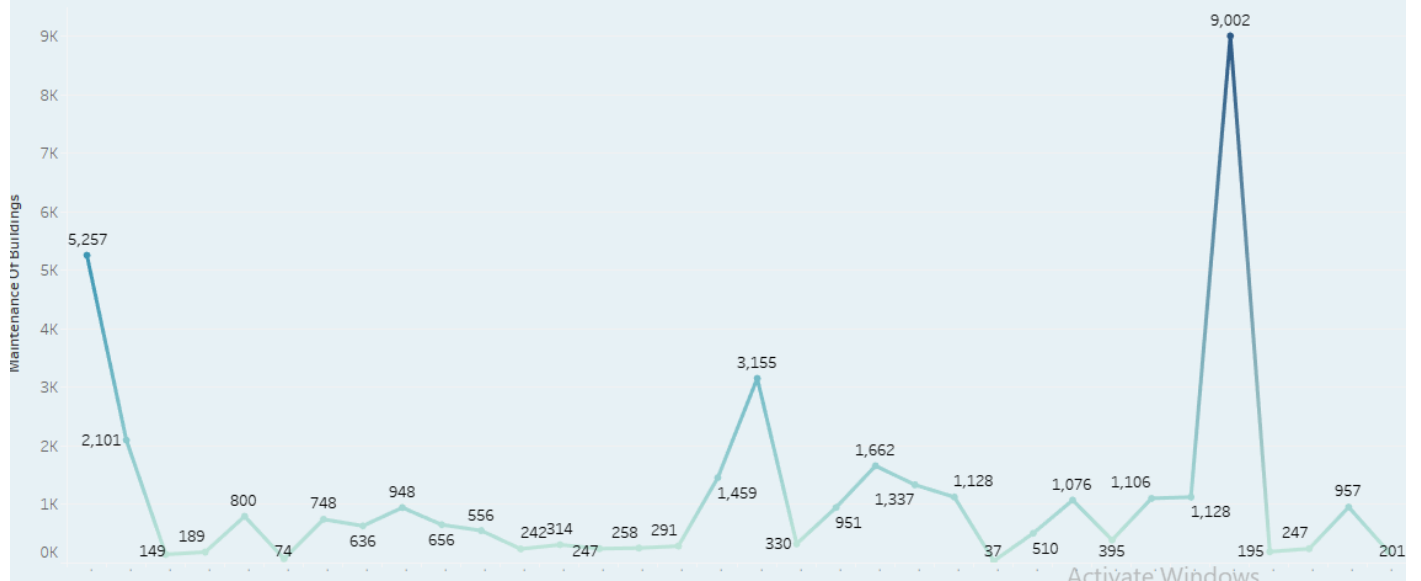


Fuel



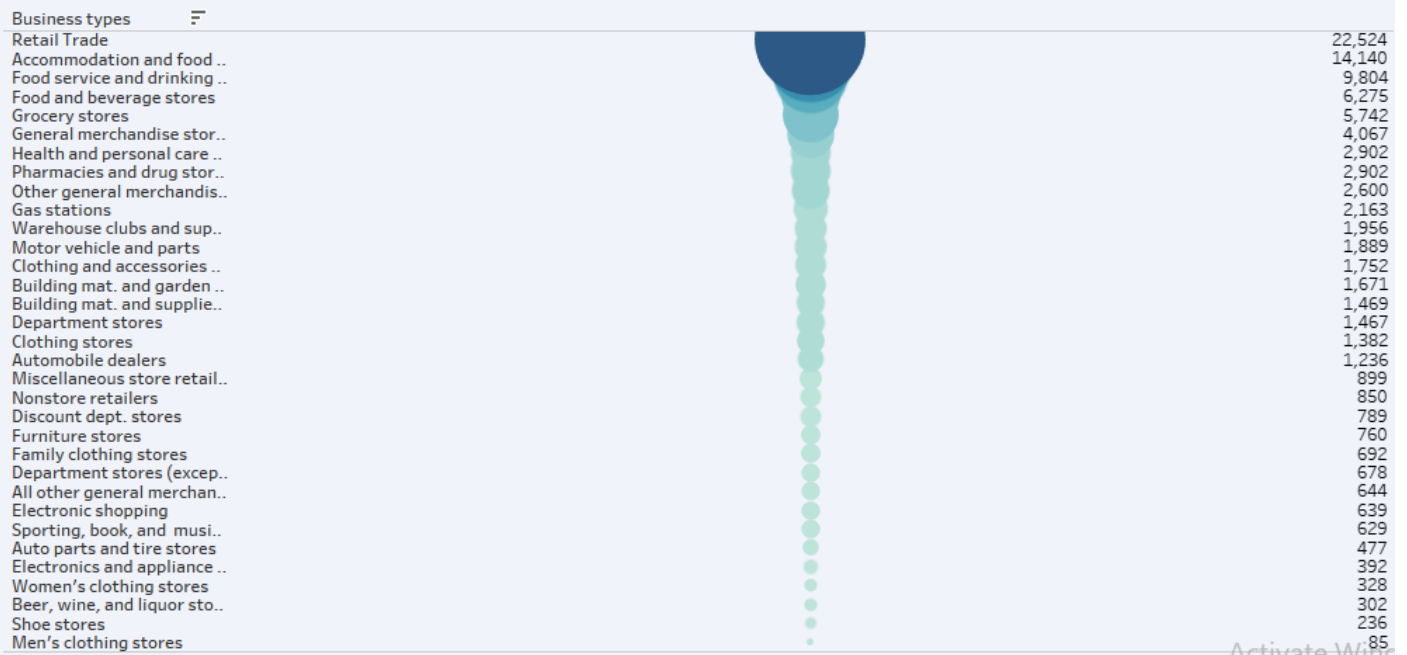
Activate Windows

Maintenance of Buildings



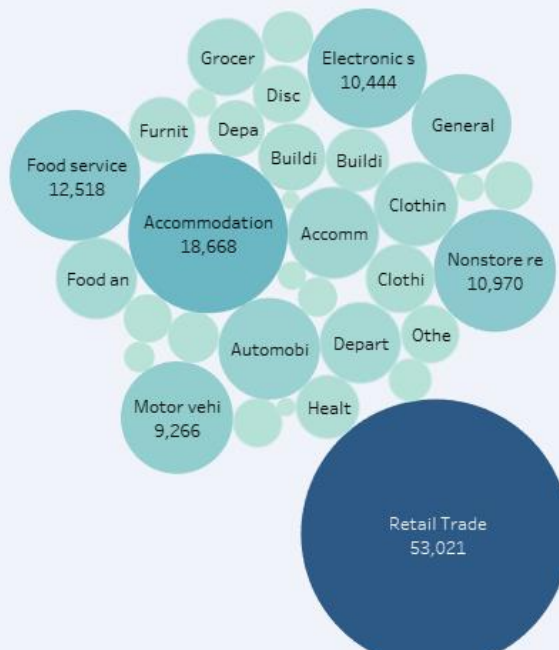
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Power Expenditure

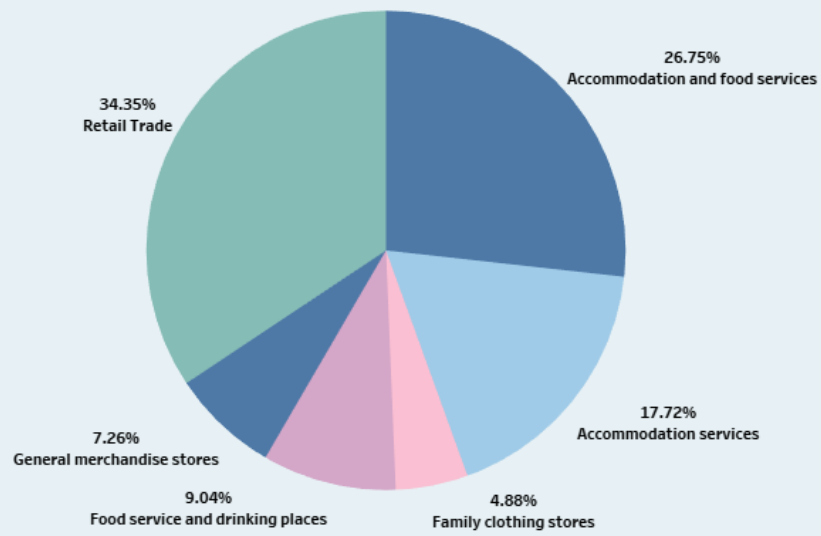


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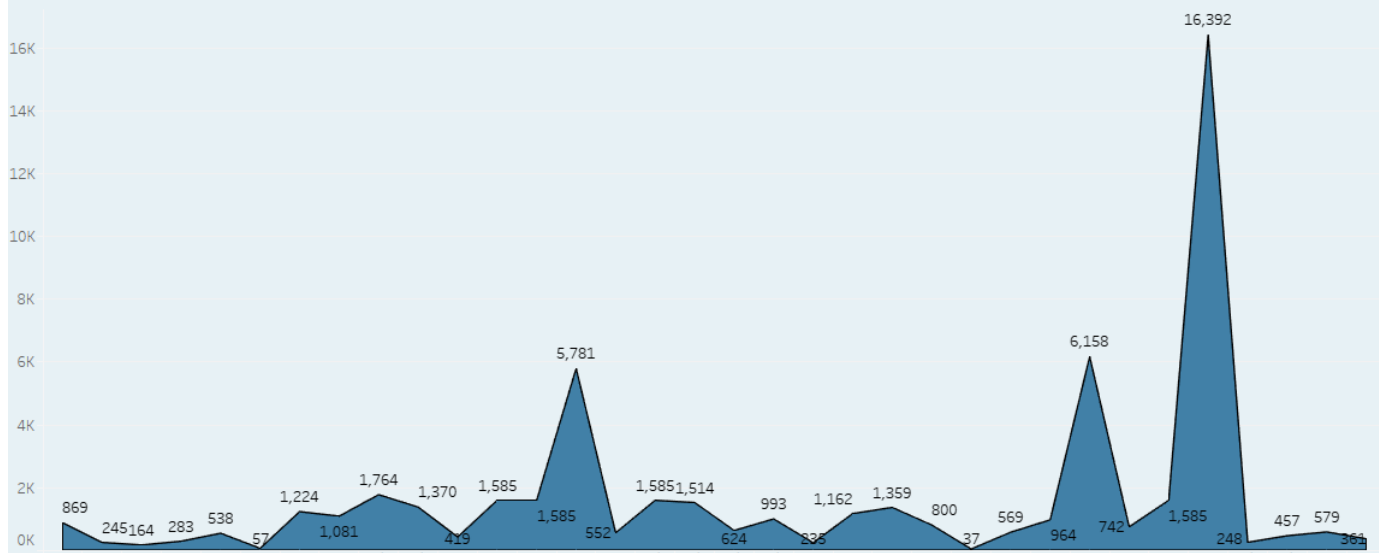
Advertisement Cost



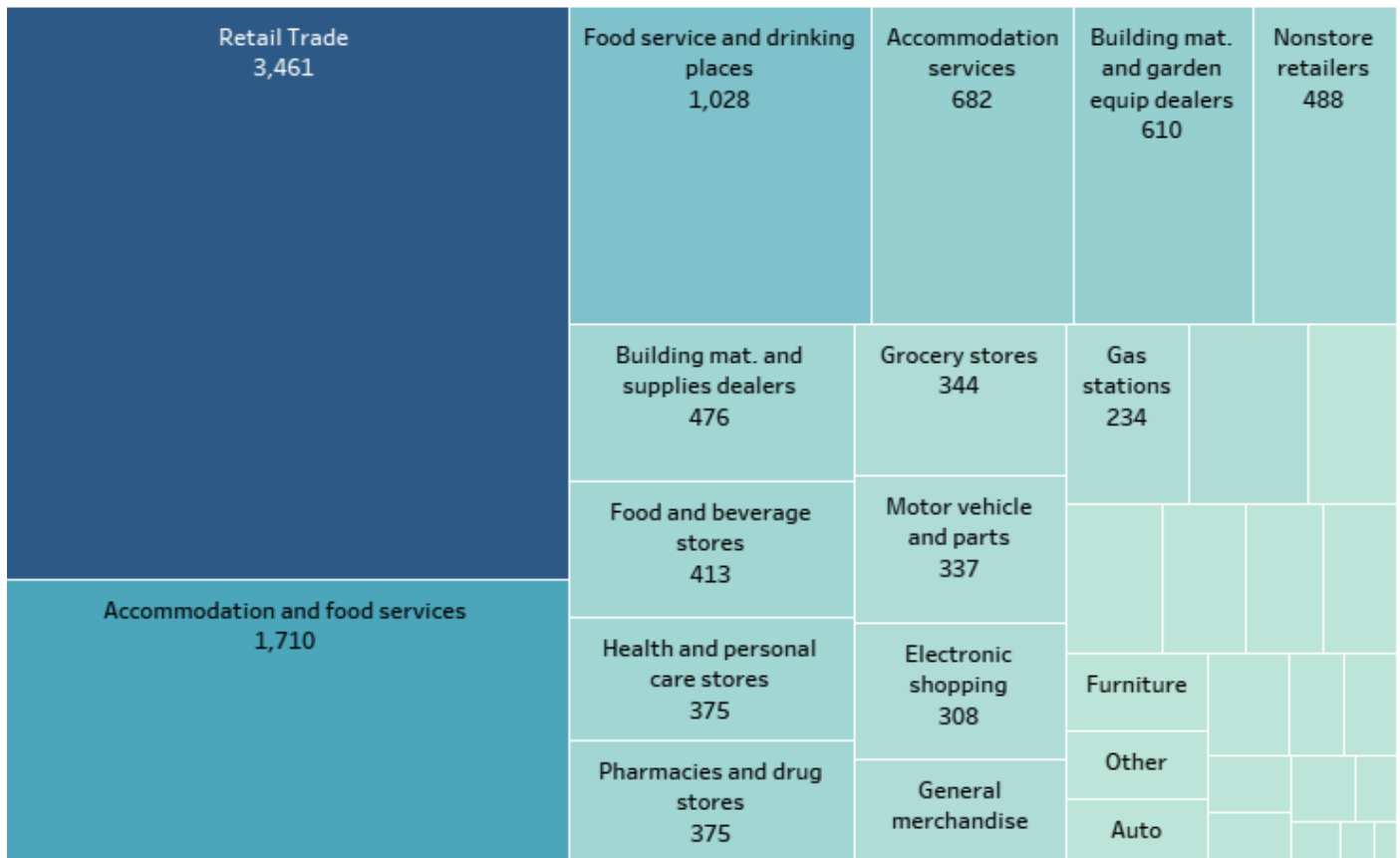
Taxes & Licenses



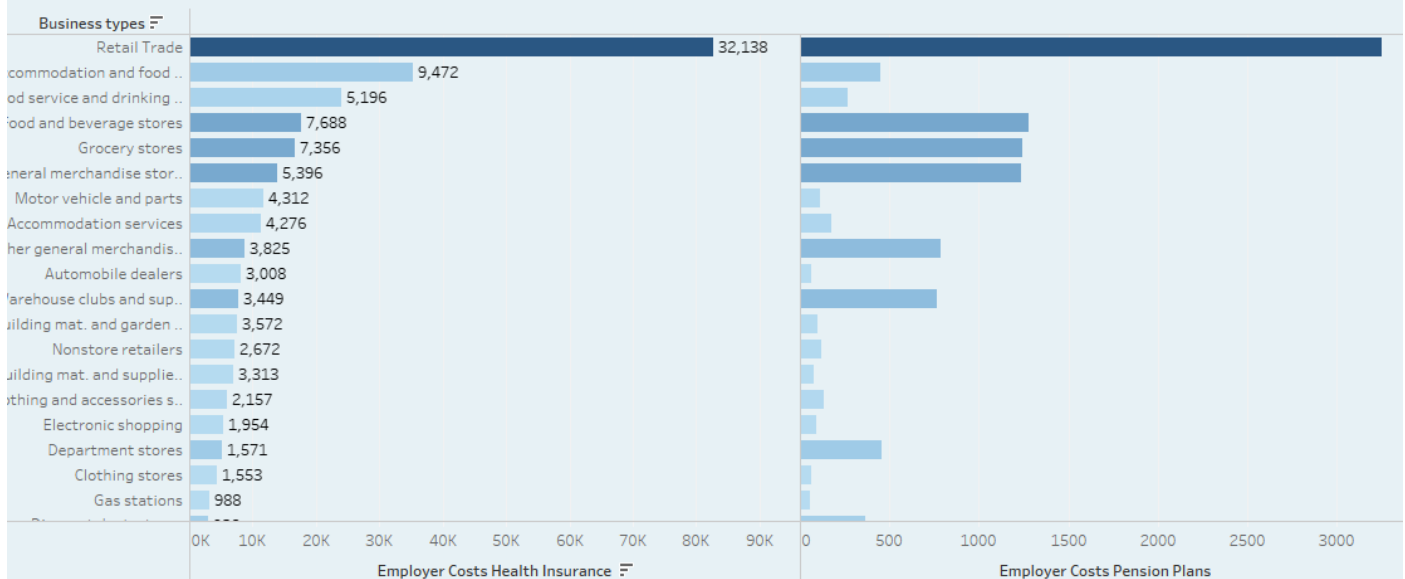
Transportation and Warehousing



Rental Payment For Machinery



Employee Costs(Insurance and Pension)



4. ADVANTAGES OF ESTIMATION OF BUSINESS EXPENSES

- *Building stronger client relations*
- *Prior Prediction*
- *Simplification*
- *Avoiding Errors*
- *Checking profitability*

DISADVANTAGES OF ESTIMATION OF BUSINESS EXPENSES

- *Accuracy*
- *Overlooks Lower Levels of Input*
- *Potential to Mislead*
- *To know whether it is worth pursuing*

5. APPLICATIONS ;

This involves estimating all the expenses required to start and operate the business, such as equipment, rent, inventory, and marketing. By calculating these costs upfront, business owners can better plan their budget and avoid unexpected expenses.

6. CONCLUSION:

In conclusion, cost estimation is an important component of project management that ensures projects are finished on schedule and within budget. Since inaccurate cost estimates can have serious financial consequences for businesses, accurate cost estimating is crucial for all stakeholders engaged in a project.

7. FUTURE SCOPE:

Scope definition is dividing all major project deliverables into smaller, more manageable components to improve the accuracy of cost, schedule, and resource estimates. Define a baseline for performance measurement and control. Facilitate clear responsibility assignments. Collect project requirements, define scope, create work break-down structure, verify scope, control scope, scope of work and communications.

END
