

## 7.1.2 Plan Cost Management: Tools and Techniques

### 7.1.2.1 Expert Judgment

Expert judgment, guided by historical information, provides valuable insight about the environment and information from prior similar projects. Expert judgment can also suggest whether to combine methods and how to reconcile differences between them.

Judgment based upon expertise in an application area, Knowledge Area, discipline, industry, etc., as appropriate for the activity being performed should be used in developing the cost management plan.

### 7.1.2.2 Analytical Techniques

Developing the cost management plan may involve choosing strategic options to fund the project such as: self-funding, funding with equity, or funding with debt. The cost management plan may also detail ways to finance project resources such as making, purchasing, renting, or leasing. These decisions, like other financial decisions affecting the project, may affect project schedule and/or risks.

Organizational policies and procedures may influence which financial techniques are employed in these decisions. Techniques may include (but are not limited to): payback period, return on investment, internal rate of return, discounted cash flow, and net present value.

### 7.1.2.3 Meetings

Project teams may hold planning meetings to develop the cost management plan. Attendees at these meetings may include the project manager, the project sponsor, selected project team members, selected stakeholders, anyone with responsibility for project costs, and others as needed.

## 7.1.3 Plan Cost Management: Outputs

### 7.1.3.1 Cost Management Plan

The cost management plan is a component of the project management plan and describes how the project costs will be planned, structured, and controlled. The cost management processes and their associated tools and techniques are documented in the cost management plan.