Module 3 Case Study: Cost

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1. Cost Model

Project Management:

1. Project manager

2. Project team members

Website Design:

1. Registration for recreational programs

2. Registration for classes and programs

3. Tracking/Incentive system

Website Dev:

1. Registration for recreational programs

2. Registration for classes/programs

3. Tracking system

4. Incentive system

5. Testing

Training, rollout, and support:

1. Network operating

2. Network management

3. Network maintains and support

4. Internet

5. Training

<div align="center">Cost Model</div>

Project Cost Baseline by month							
WBS Items	1	2	3	4	5	6	Total
1. Project management							
Project manager	$16,000	$16,000	$16,000	$16,000	$16,000	$16,000	$96,000
Project team members	$19,200	$19,200	$19,200	$19,200	$19,200	$19,200	$115,200
2. Website Design							
Registration for recreational programs	$2,500	$2,500	$2,500	$2,500	$2,500		$12,500
Registration for classes and programs	$60,000						$60,000
Tracking system & Incentive System	$60,00	$60,00	$60,00	$60,00	$60,00	$60,00	$36,000
3. Web site development							
Registration for recreational programs					$16,000		$16,000
Registration for classes and programs		$20,000	$20,000	$20,000			$60,000
Tracking system & Incentive System		$9,000	$9,000	$9,000			$27,000

4. Testing						
New network installation					$7,200		$7,200
Units testing						$3,600	$3,600
5. Training, Rollout, and Support						
Network Operating						$9,600	$9,600
Network management						$16,000	$16,000
Network maintains and support						$9,600	$9,600
Internet						$10,000	$10,000
Training						$21,000	$21,000
Total	$103,700	$72,700	$72,700	$72,700	$66,900	$111,000	$499,700

2. Cost Baseline

	Units/hr.	Cost/unit/hr.	Subtotal	WBS level1 Total	% of Total
WBS Items					
Project Management				S 211,200	42%
Project manager	960	$100	$96,000		
Project team members	1920	$60	$115,200		
Website Design				$108,500	22%
Registration for recreational programs	2500	$5	$12,500		
Registration for classes and programs	1	$60,000	$60,000		
Tracking system & Incentive System	12	$3,000	$36,000		
Website development				$103,000	21%
Registration for recreational programs	1	$16,000	$16,000		
Registration for classes and programs	300	$200	$60,000		
Tracking system & Incentive System	300	$90	$27,000		
Testing	180	$120	$10,800	$10,800	2%

	Units/hr.	Cost/unit/hr.	Subtotal	WBS level1 Total	% of Total
Training, Rollout and Support				$105,200	13%
Network Operating	100	60	6000		
Network management	160	100	9,600		
Network maintains and support	160	100	16,000		
Internet	160	60	9,600		
Training	600	60	60,000		
Total project cost estimate				$499,700	100%

The assumptions are listed below:

BAC	$200,000
Time	6 months
PV	$120,000
EV	$100,000
AC	$90,000

3. Variances & Indices

The cost variance (CV), schedule variance (SV), cost performance index (CPI), and schedule performance index (SP) are shown below:

CV	$10,000
SV	-($20,000)
CPI	111.1%
SPI	83.33%

4. Status

According to the value of the schedule performance index shown above, the project is behind schedule by 83.33%. Furthermore, the project is over budget because the cost performance index states the project is 11.1% more than the full value of the project.

5. EAC

The formula for calculating the EAC is equals BAC/CPI.

EAC = 200,000/111.1%

    == $180,000 roughly

Based on these results, it is clear that the project is performing better than planned.

6. Completion

To calculate the estimated time it will take to finish the project, divide: original estimated time/SPI. This formula equals out to 7.2 months, meaning that there are 1.2 more months required to complete the project.

7. Earned Value.

Earned Value Chart