**3 Cost Management**

**3.1 Purpose**

The cost management plan will be used to help ensure that the team will stay within the allocated budget of $800 for the project. This plan will also help the team manage their time to ensure the project is completed on schedule.

**3.2 Project Budget**

The team has been given approximately 6-7 months to complete the project. If each person allocates 15 hours per week, then this is about 360 to 420 man hours over the project’s lifespan. As a 4 man team this is approximately 1440 to 1680 man hours over a 6 to 7 month time period. The team has also been allocated an $800 budget to spend on project materials and associated costs.

**3.3 Cost Breakdown**

Based on the team’s initial research on the hardware and server service required for this project, the team has come to a preliminary estimate of $720 for total costs. The largest cost by far being the RFID reader and will necessitate increased scrutiny when it comes to deciding on a specific model during the implementation phase. While this is an approximate figure there is still room for deviation as the project progresses. The initial breakdown of costs is as follows.

|  |  |
| --- | --- |
| Parts | Cost |
| Handheld RFID Reader | $600.00 |
| RFID Tags | $20.00 |
| Miscellaneous Items | $30.00 |
| Plastic Crates | $40.00 |
| Server (6 months) | $30.00 |
| **Total Cost** | $720.00 |

The costs shown are preliminary and will likely change as the project progresses into the implementation phase.

**3.4 Labor Management**

The team will measure the labor that goes into the project by using earned value management. The measurements will be calculated by finding the budgeted cost of work scheduled (BCWS), actual cost of work performed (ACWP), and the budgeted cost of work performed (BCWP). These values will then be calculated and put into the Microsoft Project plan for the project. The estimated man hours for this project will total between 1440 and 1680 for the 6 to 7 month life of the project. These numbers are an estimate and are subject to refinement as the project progresses.