

APPLICATION

ESTIMATION OF BUSINESS EXPENSES

INTRODUCTION

OVERVIEW

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. As defined by the project management Body of Knowledge, cost estimation is the iterative process of developing an approximation of the monetary resources needed to complete project activities.

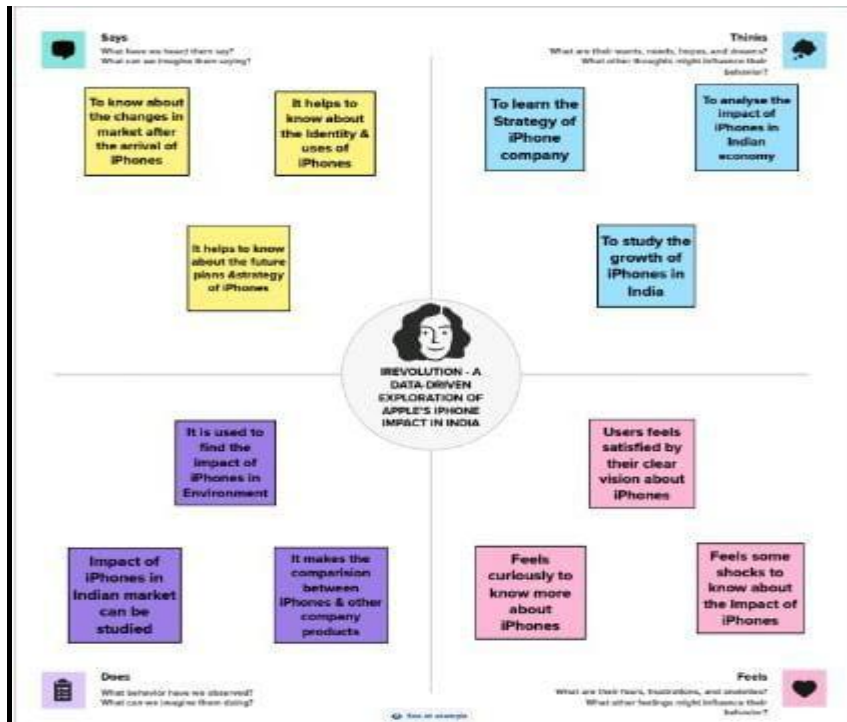
Cost estimation type includes Factor estimating, Parametric estimating, Equipment factored estimating, Lang method, detailed estimating, etc. Time is an important method of estimation because the time necessary to complete the work and the timing of individual tasks should be estimated ahead of time.

Phase estimating uses two-estimate system –a detailed (micro) estimate is made for the immediate stage and an overview (macro) estimate is made for the remaining stages. The accuracy of estimate is progressively being refined with fewer fluctuations of requirement as project progresses.

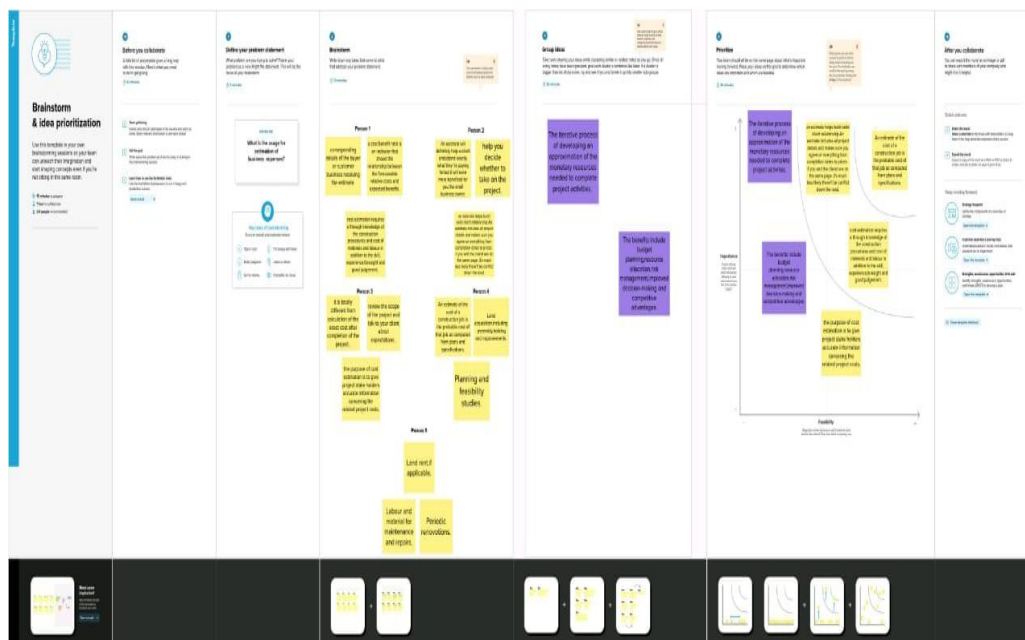
PURPOSE

Estimates are important because they allow businesses to set expectations for their customers. They also help businesses determine whether or not a project is feasible and how much profit they can expect to make. Estimating also allows businesses to plan for unforeseen expenses and keep track of spending.

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Brainstorming Map

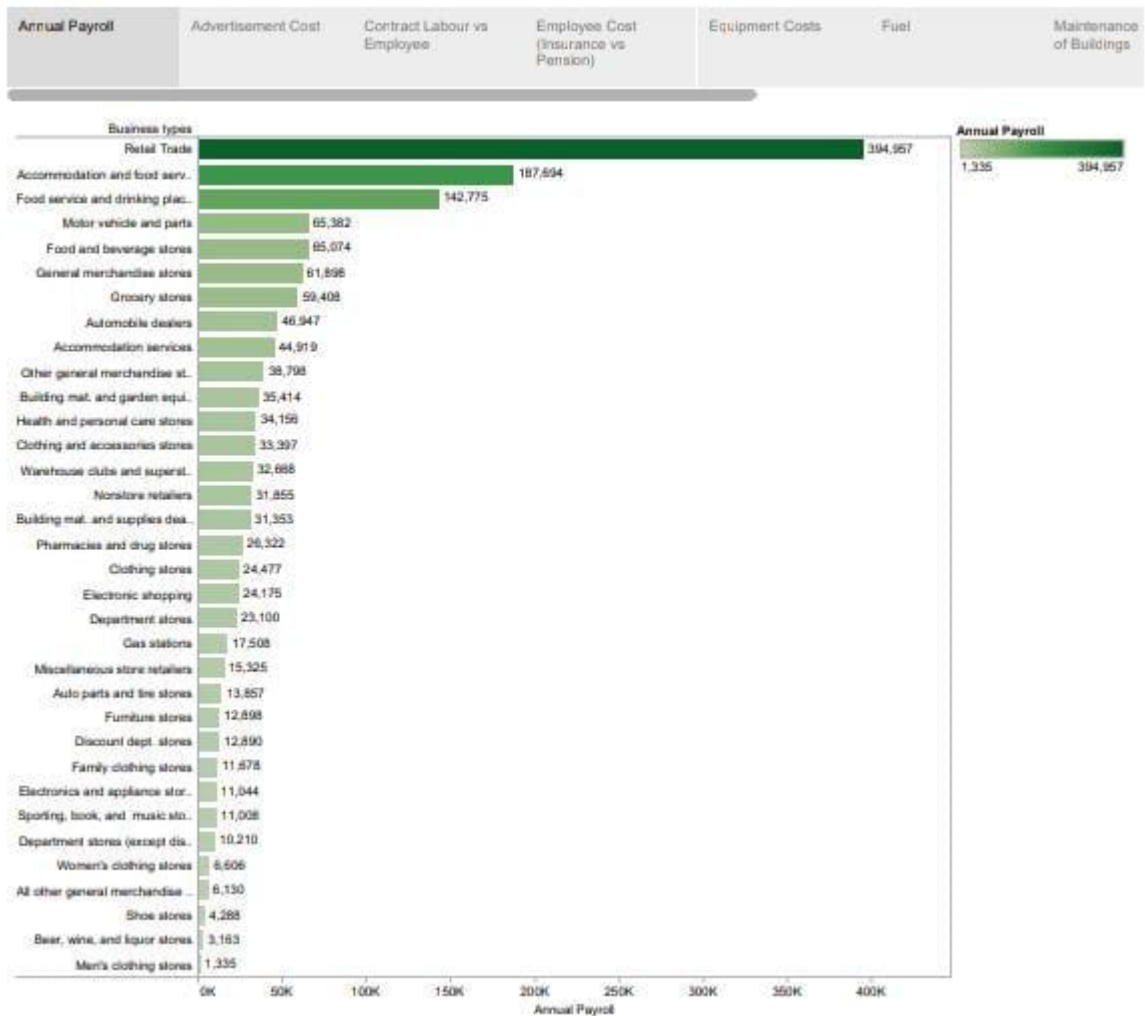


STORY



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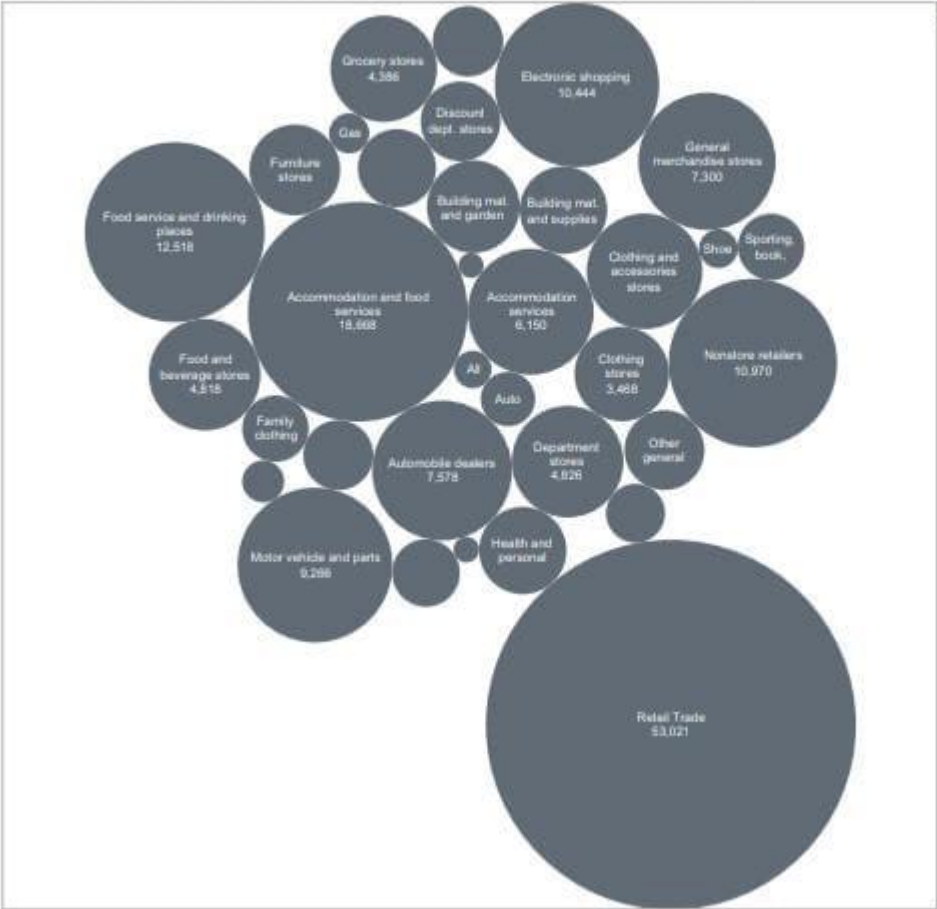
Story 1



APPLICATION

Story 1

Annual Payroll	Advertisement Cost	Contract Labour vs Employee	Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings
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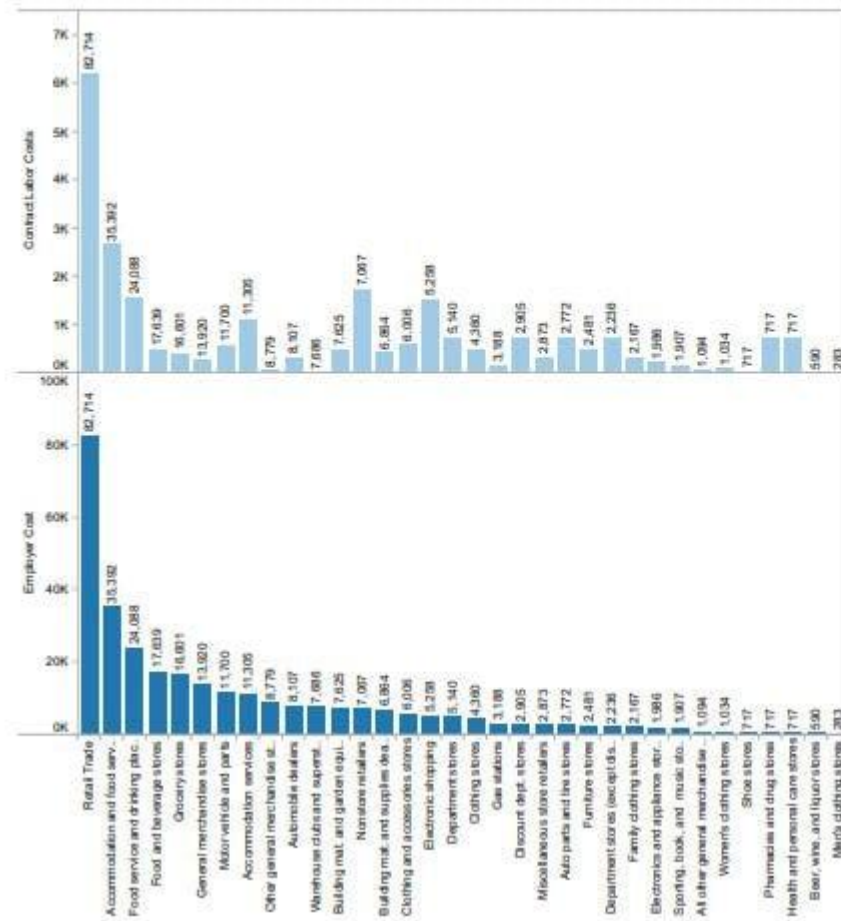


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Story 1

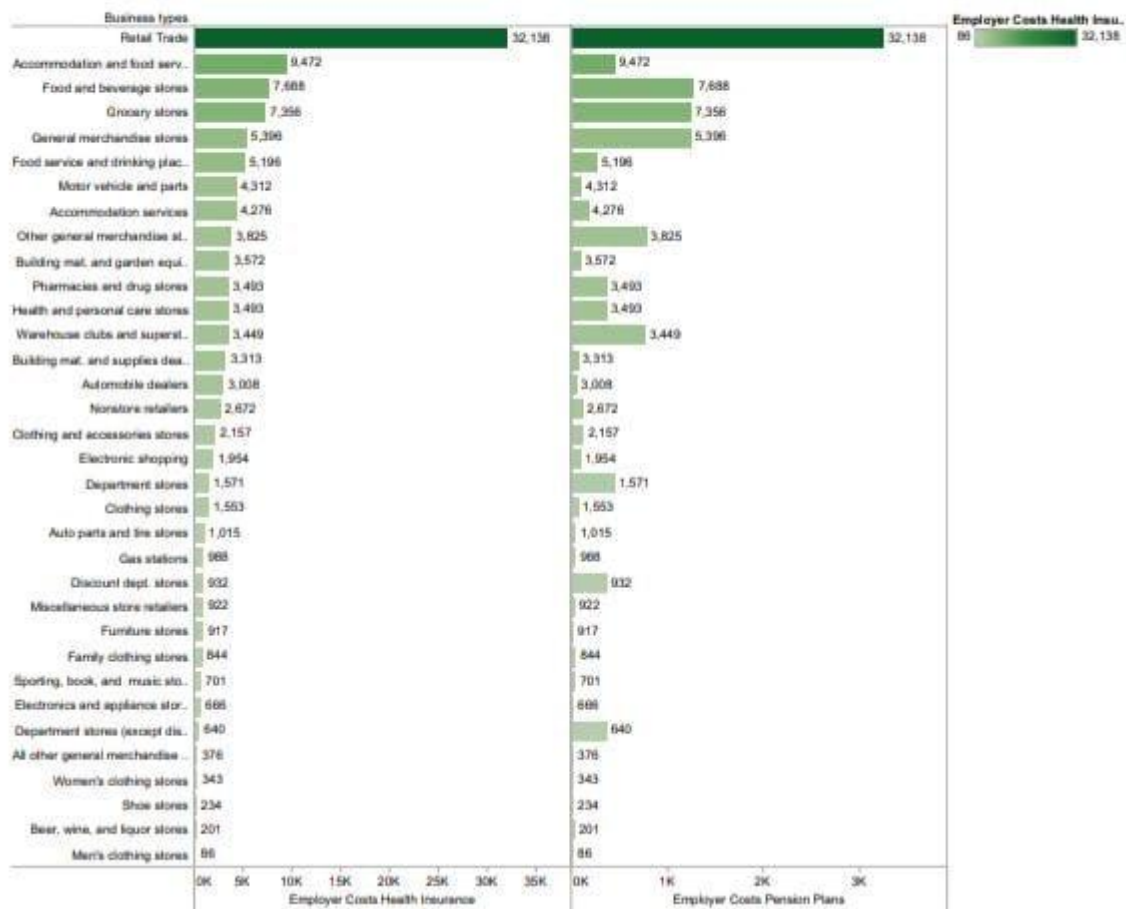
Annual Payroll	Advertisement Cost	Contract Labour vs Employee	Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings
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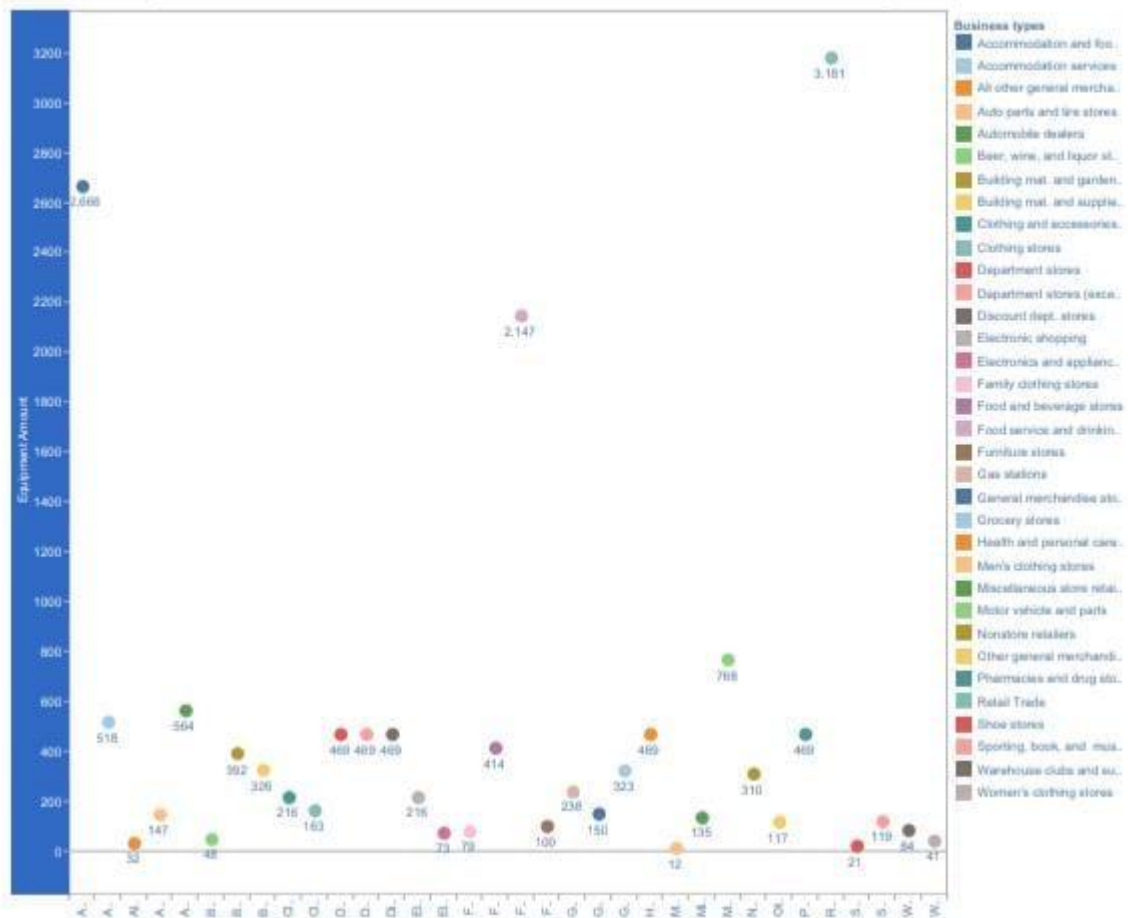
Annual Payroll	Advertisement Cost	Contract Labour vs Employee	Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings
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Story 1

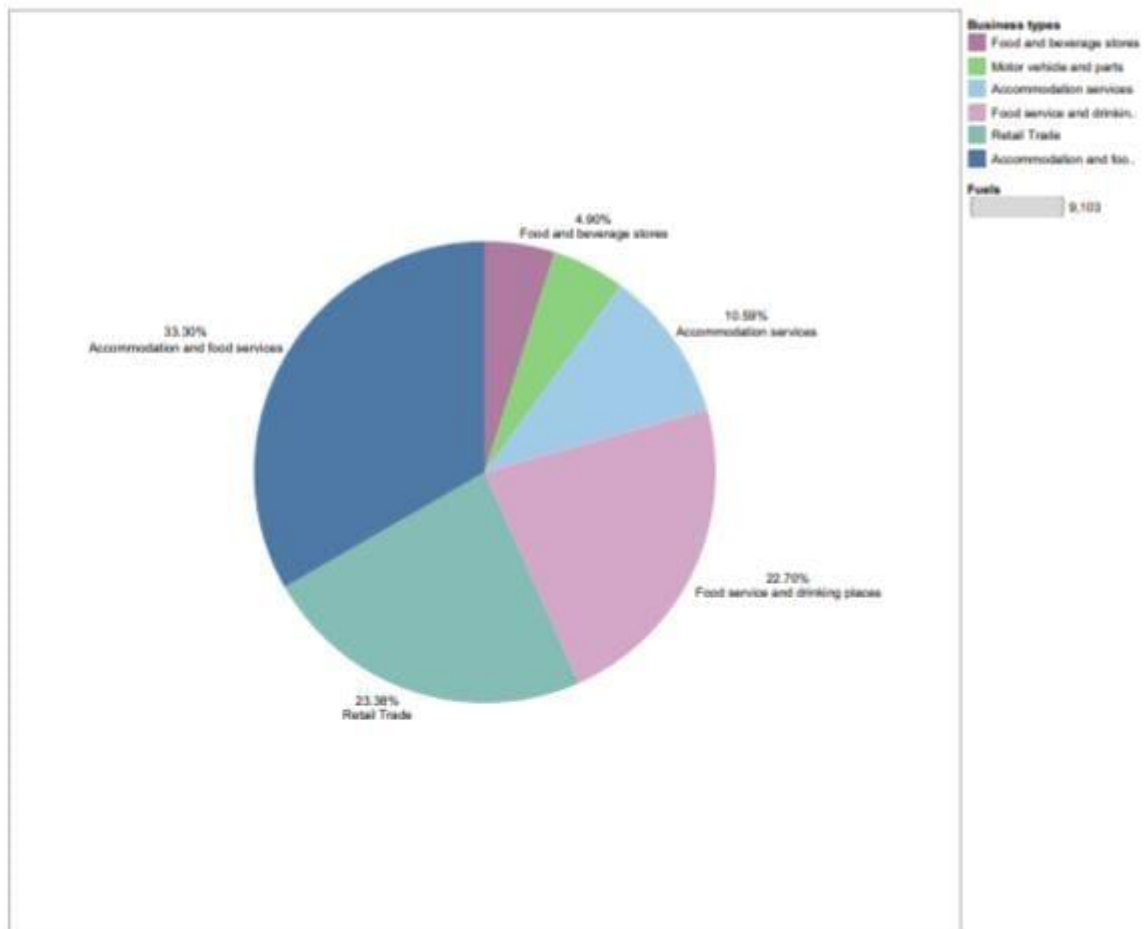
Advertisement Cost	Contract Labour vs Employee	Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings	Power Expenditure
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Story 1

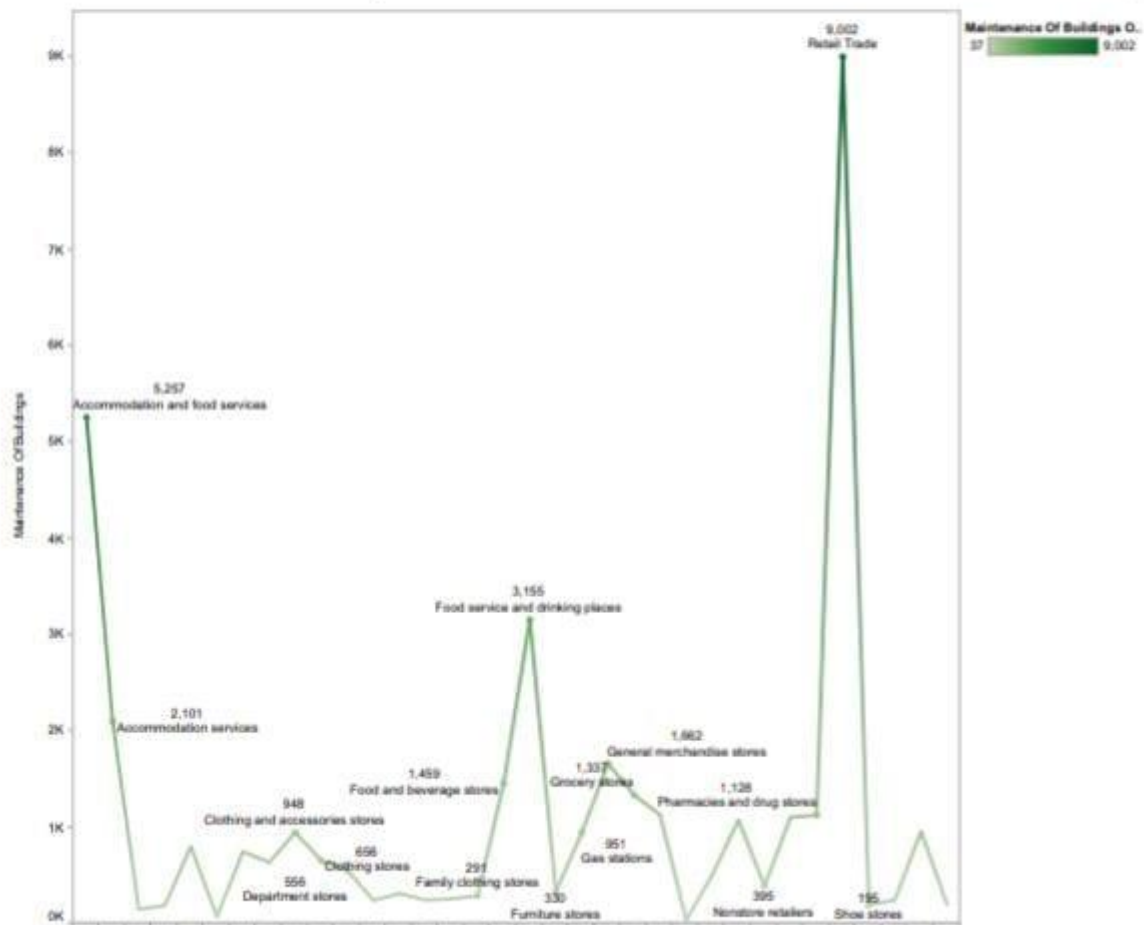
Contract Labour vs Employee	Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings	Power Expenditure	Estimation of Business Expenses Dashboard 1
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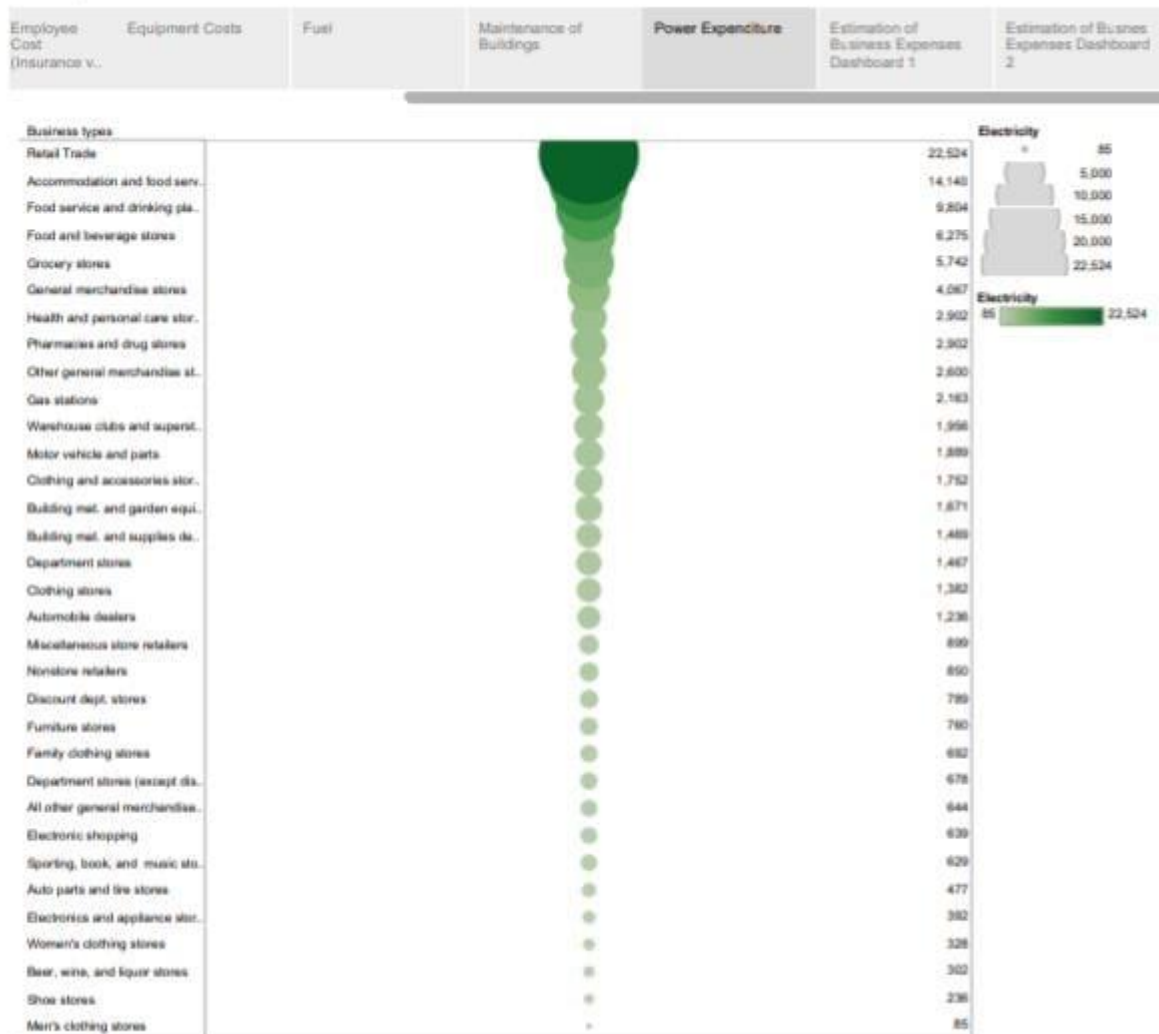
Story 1

Employee Cost (Insurance vs Pension)	Equipment Costs	Fuel	Maintenance of Buildings	Power Expenditure	Estimation of Business Expenses Dashboard 1	Estimation of Business Expenses Dashboard 2
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APPLICATION

Story 1



Advantage

It allows you to know whether you need to raise the price of your product or if you can keep it at a steady cost.

Estimating business costs involves knowing your profit margins, accurate estimating of the time that will take, and considering the risks involved with completing the job.

Disadvantage

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Costing methods are typically not useful for figuring out tax liabilities, which means that cost accounting can't provide a complete analysis of a company's true costs .

The purpose of an estimate is to help a business plan for and successfully complete projects. Estimates help small businesses draw up budgets, evaluate cash flow and manage client expectations.

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.

Future Scope

the process of forecasting the financial and other resources needed to complete a project within a defined scope.