**Final Budget Report –** Integrated NPI Build Optimization Framework for Hardware Development

By

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**Name of Project:**

Integrated NPI Build Optimization Framework for Hardware Development

**Purpose**

The **Final Budget Report** summarizes the financial performance of the project, comparing planned versus actual expenditures, identifying variances, and highlighting cost management successes and lessons learned.

**Budget Overview**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Budget Category** | **Planned Budget ($)** | **Actual Spend ($)** | **Variance ($)** | **Variance (%)** | **Status** |
| **Labor Costs** | $150,000 | $140,000 | -$10,000 | -6.7% | ✅ Under Budget |
| **Materials & Equipment** | $50,000 | $45,000 | -$5,000 | -10% | ✅ Under Budget |
| **Software & Licenses** | $25,000 | $20,000 | -$5,000 | -20% | ✅ Under Budget |
| **Contingency Reserve** | $25,000 | $10,000 | -$15,000 | -60% | ✅ Minimal Use |
| **Total** | **$250,000** | **$215,000** | **-$35,000** | **-14%** | ✅ On Track |

**Budget Summary**

**Planned Budget:** $250,000  
**Actual Spend:** $215,000  
**Overall Variance:** -$35,000 (-14%)

**Cost Performance Analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Metric** | **Target** | **Actual** | **Variance** | **Status** |
| **Cost Performance Index (CPI)** | 1.0 | 1.16 | +0.16 | ✅ Efficient Use |
| **Planned Value (PV)** | $250,000 | $250,000 | $0 | ✅ On Target |
| **Earned Value (EV)** | $250,000 | $215,000 | -$35,000 | ✅ On Track |

**Key Variances**

|  |  |
| --- | --- |
| **Category** | **Variance Explanation** |
| **Labor Costs** | Efficient use of internal resources reduced labor costs by $10,000. |
| **Materials & Equipment** | Negotiated better vendor pricing saved $5,000. |
| **Software & Licenses** | Opted for cost-effective licenses, saving $5,000. |
| **Contingency Reserve** | Minimal risks materialized, resulting in unused contingency funds of $15,000. |

**Major Cost Drivers**

|  |  |
| --- | --- |
| **Cost Driver** | **Impact on Budget** |
| **Fixed-Price Vendor Contracts** | Enabled consistent material costs and prevented cost overruns. |
| **Procurement Efficiency** | Accelerated procurement processes avoided potential delays and cost increases. |
| **Contingency Reserve** | Conservative risk management allowed minimal use of contingency funds. |

**Recommendations for Future Projects**

1. **Early Vendor Engagement:** Continue to negotiate fixed-price contracts to control costs.
2. **Improved Resource Planning:** Optimize internal resource allocation for further cost savings.
3. **Risk Management:** Maintain a contingency reserve but refine risk prediction models for more accurate budgeting.
4. **Efficient Software Procurement:** Leverage enterprise-level licensing for cost-effective solutions.

**Lessons Learned**

|  |  |  |
| --- | --- | --- |
| **Area** | **Lesson Learned** | **Recommendation** |
| **Budget Allocation** | Conservative contingency reserves provided flexibility during unforeseen events. | Maintain contingency reserves proportional to project complexity. |
| **Procurement Strategies** | Early vendor negotiations significantly reduced material and equipment costs. | Begin vendor engagement during the initiation phase. |
| **Cost Monitoring** | Regular budget reviews ensured early identification of variances. | Conduct weekly budget reviews for better financial control. |

**Approval**

|  |  |  |
| --- | --- | --- |
| **Role** | **Signature** | **Date** |
| Project Manager | [Signature] | [MM/DD/YYYY] |
| Project Sponsor | [Signature] | [MM/DD/YYYY] |
| Finance Manager | [Signature] | [MM/DD/YYYY] |

**Conclusion**

The project was completed under budget, with significant savings achieved through effective cost management and vendor negotiations. These outcomes highlight the importance of efficient resource planning and early risk identification.