**Cost Management Plan**

**Madonna’s web: A reservation website for madonna’s garden resort and events place**

**madonna’s garden resort and events place**

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# Introduction

The Cost Management Plan of Madonna’s Web: A Reservation Website for Madonna’s and Events Place is to track the cost of the following expenses throughout the months of making the project. The costing sets the format and standards by which the project costs are measured, reported, and controlled.

**Cost Management Responsibilities**

* The Project Manager has the responsibility of overseeing the project's overall cost management and serving as the main point of contact for any cost-related concerns that may arise.
* The Finance team is responsible for ensuring that the approved budget is effectively monitored and aligned with the project.

**Cost Measurement and Reporting**

* Cost performance index (CPI) and schedule performance index (SPI) will be utilized for monthly measurement and reporting of costs.
* The Project Sponsor can expect to receive the following reports monthly.

**Cost Change Approval**

* All cost changes must be approved by the Project Manager before they are implemented.
* In the event of cost changes or exceeding the budget, it is essential to consult with and obtain approval from the Project Sponsor before implementing any modifications.

**Budget Format and Standards**

* The budget will be displayed in a clear and concise manner, using a excel spreadsheet format to ensure the clarity of the budget.
* The budget will be divided into individual line items, and each item will have detailed cost estimates assigned to it.
* The budgets will undergo monthly updates in the event of any alterations or changes in the costings.
* Documentation of the budgets will be conducted in case of any changes or updates in the costings.

Overall, the Cost Management Plan of Madonna’s Web a Reservation System is designed to ensure the budgets are aligned and effectively managed and controlled. The cost management will also ensure that the project is successfully created and deployed.

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# Cost Management Approach

This section explains the cost management approach of Madonna’s Web project:

* Clear definition of costs: The team in charge of the project will collaborate extensively with stakeholders to precisely determine and record all the expenses related to the project, such as wages, supplies, machinery, and other costs.
* Budget development and tracking: A comprehensive budget for the project will be created and consistently revised during the project's duration, with expenses being monitored and communicated promptly.
* Cost variance analysis: The project team will keep a close eye on expenses during the project and analyze any discrepancies to identify and rectify any instances of excessive spending or cost savings.
* Cost estimates: To ensure that the project budget is precise and practical, the project team will employ diverse cost estimation methods.
* Reporting and communication: - Reports on expenses will be generated and distributed to stakeholders, including the project sponsor, project team, and management.
* Cost management roles and responsibilities: Distinct roles and responsibilities for managing expenses will be established and effectively conveyed to all members of the project team.
* Approval process for changes: - A process that need approval to implement new changes.

 By applying these principles and practices, the project team will effectively control costs and ensure that the project remains on track with the designated budget.

# Measuring Project Costs

The Cost Management Plan for the Madonna’s Web project will include a detailed approach for measuring project costs using Earned Value Management (EVM). This will involve capturing and reporting on various Earned Value metrics, such as:

* Budgeted Cost of Work Scheduled (BCWS) or Planned Value (PV) - These measures the budgeted costs of the work that was planned to be completed at a specific point in time.
* Budgeted Cost of Work Performed (BCWP) or Earned Value (EV) - These measure the budgeted costs of the work that has been completed at a specific point in time.
* Actual Cost of Work Performed (ACWP) or Actual Cost (AC) - This measures the actual costs incurred for the work that has been completed at a specific point in time.

These metrics will be used to perform cost variance analysis (CV), schedule performance index (SPI), and cost performance index (CPI) to measure the project's cost performance over time.

To assist in capturing these metrics, the project team will use project management software that is capable of tracking and reporting on EVM metrics. This software will also be used to forecast future project costs, and to review cost performance over time, across work packages or schedule activities.

* Cost Variance (CV) measures the difference between the actual cost and the planned cost of the project. It is calculated by subtracting the actual cost from the planned cost. A negative CV indicates that the project is over budget, while a positive CV indicates that the project is under budget.
* The Schedule Performance Index (SPI) measures the project's schedule performance by comparing the planned schedule to the actual schedule. This index is calculated as the ratio of the BCWP to the BCWS. It is calculated by dividing the earned value by the planned value. A value of 1 indicates that the project is on schedule, while a value less than 1 indicates that the project is behind schedule, and a value greater than 1 indicates that the project is ahead of schedule.
* The Cost Performance Index (CPI) measures the project's cost performance by comparing the actual cost to the planned cost. This index is calculated as the ratio of the BCWP to the ACWP. It is calculated by dividing the value earned by the actual cost. A value of 1 indicates that the project is on budget, while a value less than 1 indicates that the project is over budget, and a value greater than 1 indicates that the project is under budget.

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In summary, the Cost Management Plan will ensure that the project costs are effectively managed and controlled throughout the project’s lifecycle by using Earned Value Management metrics, schedule performance index, and cost performance index. These metrics will help the team to identify the areas where the project is underperforming and take corrective actions to bring the project back on track.

# Reporting Format

The ideal reporting format for the cost management plan of Madonna’s web project To effectively present the cost management plan for the Madonna Web System Project, a detailed spreadsheet or table would be the recommended reporting format. This format will cover all pertinent cost information, including the project budget, actual costs incurred, projected costs, and any variances or discrepancies that may occur.

The reporting format for the cost management plan of the Madonna’s Web Project would include the following elements:

* **Executive Summary**: An overview of the cost management plan, including the project's budget, any significant cost differences, and the actions taken to address them.
* **Budget Overview:** A detailed breakdown of the project's budget, showing the total project cost, costs for each phase or deliverable, and expenses related to various project resources
* **Cost Variance Analysis**: A thorough analysis of variations between the actual costs incurred and the budgeted costs. This analysis explains the reasons behind the differences, their impact on the project, and the steps taken to resolve them.
* **Budget Forecast**: An estimate of future project costs, considering potential variations and their potential effects on the overall project.
* **Cost Management Metrics**: Key indicators measuring the project's cost performance, such as cost variance, cost performance index (CPI), and schedule performance index (SPI).
* **Approval and Sign-off:** A section for the project manager and key stakeholders to review, approve, and officially sign off on the cost management plan.
* **Appendices** Additional supporting documents, such as detailed cost breakdowns, invoices, or change request forms, are included for reference.

# Cost Variance Response Process

The Cost Variance Response process for the Madonna’s Web project will be as follows:

1. Identification of Variance:

* The project manager is responsible for detecting and reporting any variations in cost to the project sponsor.
* The project manager will employ earned value metrics and other cost management tools to identify and monitor discrepancies.

1. Analysis of Variance:

* The Project Manager will analyze the variance to identify the root cause and develop corrective actions options.
* The Project Manager will also assess the impact of the variance on the project schedules and scope.

1. Presentation of Options:

* The Project Manager will provide the Project Sponsor with various options for corrective action.
* The options will be based on the root cause of the variance and the impact on the project schedule and scope.

1. Approval of Corrective Action:

* The Project Sponsor will review the options and approve an appropriate action to bring the project back on budget.
* This may include increasing the budget, reducing scope or quality, or implementing other corrective actions.

1. Implementation of Corrective Action:

* The Project Manager will implement the approved corrective action and monitor the results.
* The Project Manager will also update the project schedule and budget accordingly.

1. Reporting:

* In the Monthly Project Status Report, the Project Manager will incorporate information about the cost variance, specifics regarding the corrective actions implemented, and the outcomes achieved.
* The Project Manager will consistently provide updates on the project's budget and schedule.

Throughout the project lifecycle, the Cost Variance Response process will remain active. The Project Manager will oversee the monitoring and control of project costs, while the Project Sponsor will have the responsibility of granting approval for any required corrective actions.

# Cost Change Control Process

The cost change control process will include the following steps:

* **Identifying cost changes:** The Project Manager will recognize and document any proposed adjustments to the project budget or expenses using a designated form for cost change requests.
* **Analyzing cost changes:** The project team will carefully examine the suggested modifications to assess how they might impact the project schedule, resources, and overall budget.
* **Approval of the cost change:** The cost change request will be reviewed and approved by the project sponsor and other relevant stakeholders.
* **Implementing cost changes:** Once approved, the Project Manager will ensure the smooth execution of the cost changes according to the project schedule and budget.
* **Tracking and monitoring cost changes:** The project team will actively monitor and track the effects of the cost changes on the project schedule and budget, making necessary adjustments to keep the project on the right track.
* **Reporting on cost changes:** The Project Manager will include information about the cost changes, along with relevant financial details and any corrective actions taken, in the regular project status reports.

The cost change control process will be implemented to ensures that any changes to the project budget or expenses are promptly identified, carefully analyzed, and approved in a timely manner. By implementing this process, the project team aims to minimize the impact of cost changes on the project schedule and budget. Also, it helps to keep the project on track and aligned with its objectives.

# Project Budget

Budgeting is a crucial component of project management that involves planning, estimating, and controlling project costs. For the Madonna’s Web project, a budget has been developed to ensure that project costs are identified, monitored, and controlled throughout the project's life cycle.

The budget includes direct and indirect costs, and it is designed to provide the project team and stakeholders with a comprehensive understanding of the financial resources required to successfully complete the project. This budget will serve as a baseline for monitoring the project's financial performance and ensuring that it remains on track to meet its goals and objectives within the approved budget.

Direct Costs:

* Maintenance Cost (Hosting) : PHP 24,001.00 (Yearly after project closure)
* Manpower Cost:  PHP 1,857,120.00 (12 Months)
* Contingency Cost: PHP 50,240  (for 12 months)
* Total Project Cost: PHP 678,001.00  (for 12 months)

Indirect Costs:

* Utilities: Estimated Electricity:  PHP 292,000 (12 months)
* Subscriptions Internet : PHP 12,000 (12 months)

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| **Madonna’s Reservation Website** | | | | | |
| **Budget:        PHP 2,535,361** | | | **Project Durations: 12 months** | | |
| **Project Cost Management** | | | | | |
| Workforce Cost Estimate | | | | | |
| **Roles** | **Average Salary (Monthly)** | **Total Salary** | | **Headcount** | **Total Cost (12 Months)** |
| Junior Developer | PHP 29,375 | PHP  352,500 | | 2 | PHP 705,000 |
| Junior UI/UX Developer | PHP 28,784 | PHP 345,408 | | 1 | PHP  345,408 |
| Junior QA Tester | PHP 27,971 | PHP 335,652 | | 1 | PHP **335,652** |
|  |  | **Maintenance** | |  |  |
| Maintenance (After project closure) | PHP 2,001 | PHP 24,001 | |  | PHP 24,001 |
|  |  | **Contingency Cost** | |  |  |
| Estimated Contingency Cost | PHP 4,186 |  | |  | PHP 50,240 |
| Estimated Project Cost | PHP 56,500 |  | |  | PHP 678,001 |
|  |  | **Indirect Cost** | |  |  |
| Utilities | PHP 24,350 |  | |  | PHP 292,000 |
| Internet Subscriptions | PHP 1,000 |  | |  | PHP 12,000 |

Approved by the Project Sponsor:

Michael James Gnilo Date: May 3, 2023

Project Sponsor

Madonna’s Web