

NAAN MUDHALVAN ESTIMATION OF BUSINESS EXPENSES

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ESTIMATION OF BUSINESS EXPENSES

INTRODUCTION

OVERVIEW

Cost estimation in project management is the process of forecasting the financial and other resources needed to complete a project within a defined scope. Cost estimation accounts for each element required for the project — from materials to labor — and calculates a total amount that determines a project's **budget**. First, calculate how much time will be spent on each task on your list. Next, add a cost figure by multiplying the hours of each task with each team member's hourly rate. Once you have calculated the cost for every task, add them all up to reach an estimated total.

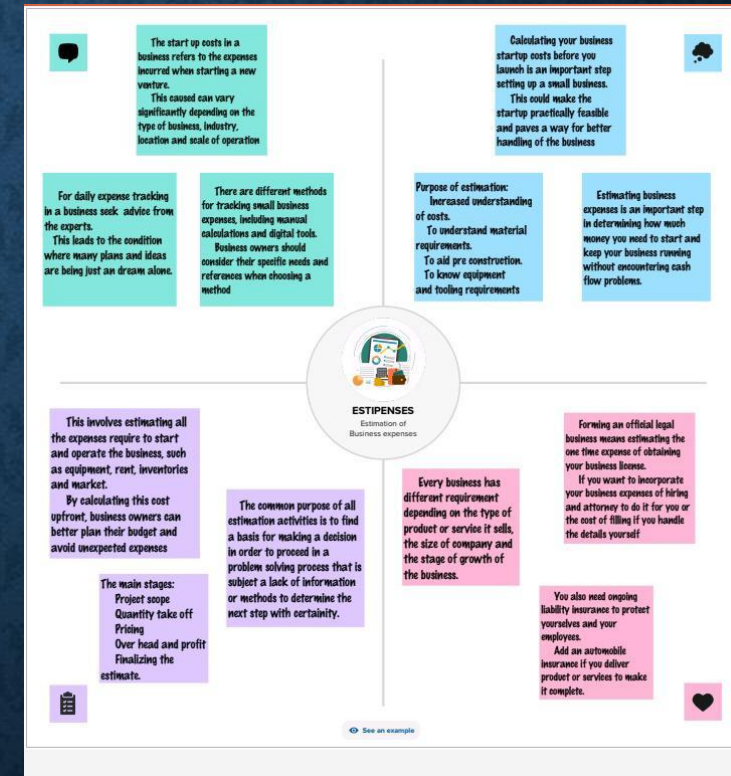
- **PURPOSE**

- The purpose of cost estimation is to give project stakeholders accurate information concerning the related project costs. It is easier to make lasting decisions if there is information to back them up. Cost estimation also gives clients value-aided options and helps clients minimize expenses.
- Cost estimation helps you determine your project's budget, schedule the work necessary and manage new resources. Cost estimates are also very crucial when it comes to winning new business. Property owners also use cost estimates to assess the feasibility of their projects before embarking on actual construction.

EMPATHY MAP

- PROBLEM DEFINITION AND DESIGN THINKING

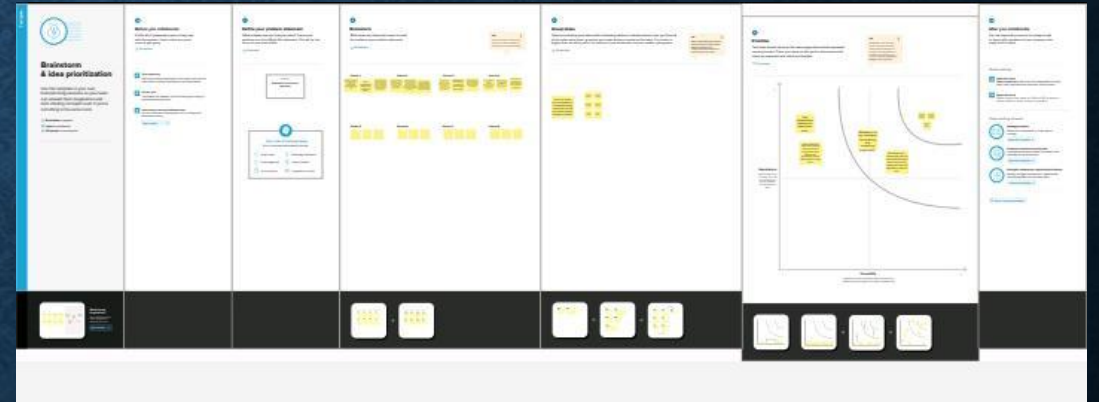
- EMPATHY MAP:



BRAINSTORM

- IDEATION AND BRAINSTORM MAP

- BRAINSTORM MAP

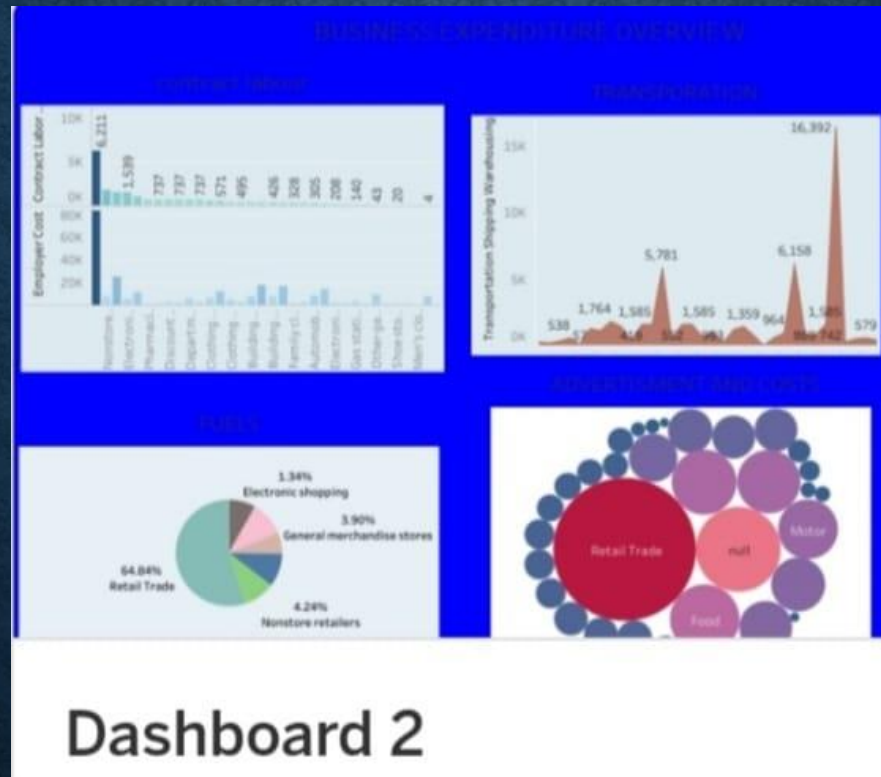


RESULTS

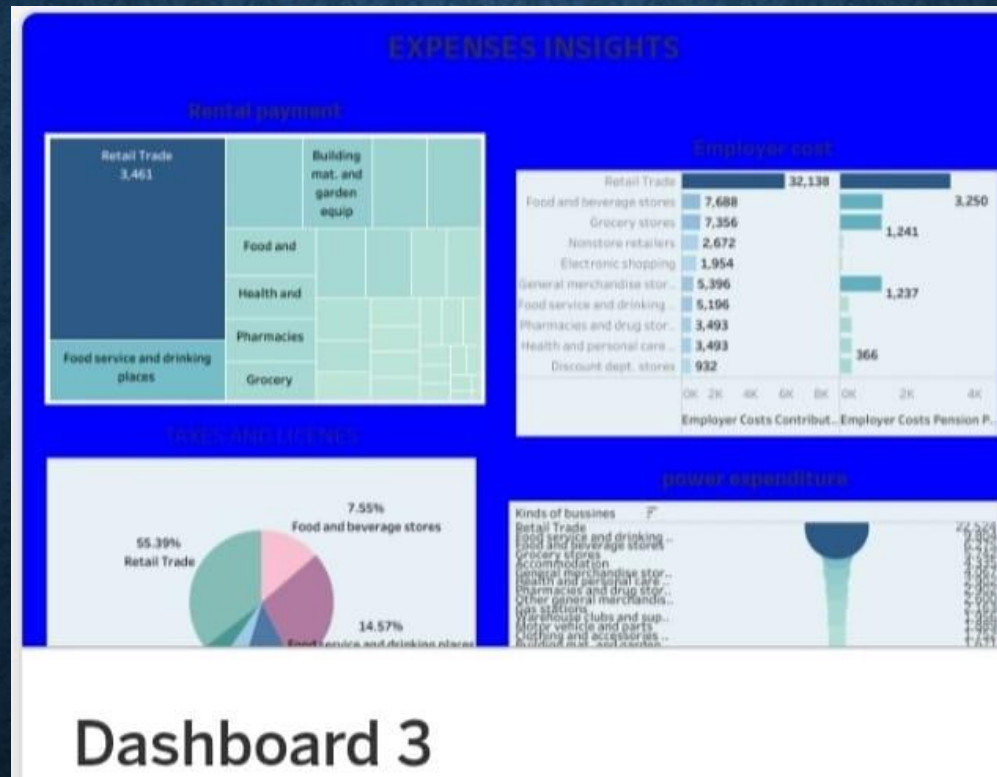


Dashboard 1

DASHBOARD 2



DASHBOARD 3



STORY 1



STORY 2



ADVANTAGES AND DISADVANTAGES

- *ADVANTAGES*

- The advantage is that estimating gives us quick preliminary rough numeric calculations. The disadvantage is that the numbers may be inaccurate to some degree, and associated with mathematical errors and logical mistakes such as various bias and others.
- These benefits include budget planning, resource allocation, risk management, improved decision-making, and competitive advantage. Using cost estimation, organizations can ensure the success of their projects and maintain a competitive edge in their respective industries

- *DISADVANTAGES*

One of the main limitations is that they do not reflect the current market value or demand for a property, which can change over time due to factors such as location, competition, supply and demand, and economic conditions.

However, unit cost estimating also has some limitations and challenges that you should be aware of. One of the main disadvantages of unit cost estimating is that it can be time-consuming and labor-intensive, especially for complex and large-scale projects with many work items and variables.

APPLICATIONS

- *Sales commissions.*
- *Commissions are compensation for obtaining sales. Hence, sales commissions are a selling expense and will be recorded in general ledger accounts having Sales Commissions Expenses in their title. Sales commissions are considered to be operating expenses and are presented on the income statement as SG&A expenses*
- *Gas for business vehicles.*
- *If you use vehicles in your small business, how and when you deduct for the business use of those vehicles can have significant tax implications. It pays to learn the nuances of mileage deductions, buying versus leasing and depreciation of vehicles. Special rules for business vehicles can deliver healthy tax savings.*
- *Shipping costs.*
- *The general rule of thumb - the bigger the package, the higher the shipping costs. Carriers estimate their shipping rates based on the package's weight vs. dimensional weight (the volume occupied in transit). DIM becomes a factor when the weight of the package is less than its volumetric weight (dimensional weight)*
- *When creating your business budget, an accurate calculation of shipping and fulfillment expenses is a must. Although experts estimate that these costs will comprise upwards of 15-20% of your total net sales, the only way to know how much your business truly needs to budget is to calculate these numbers for yourself.*

CONCLUSION

- *These benefits include budget planning, resource allocation, risk management, improved decision-making, and competitive advantage.*
- *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.*
- *Cost management is indeed one of the essential requisites for the success of any project or business for that matter .*
- *A conclusion for a project management report could include a summary of the project's objectives, the results achieved.*