

- 0:05 Hi there. Glad you're here. I'm Margaret Maloney, and I would like to take a little bit of time and spend it with you talking about avoiding some estimating pitfalls.
- 0:17 To be truthful there are some things we do as human beings that make it really difficult for us to create accurate estimates. We don't mean to make trouble for ourselves, but sometimes we do.
- 0:31 Let's just take a honest look at some of these pitfalls, these things we do to mess ourselves up in estimating.
- 0:39 Okay. Sometimes we give estimates, I'm gonna use the expression off the cuff, which means I give an estimate another phrase you might say like off the top of my head or under pressure.
- 0:54 Famous, famous, infamous scenario is somebody stops you in the hallway and they really push you. They say, come on, you know you're gonna manage this project, and I know you've managed projects like this before. So just give me an idea, how long do you think it's gonna take? How much do you think it's gonna cost? And then they say to you, and look out for these words, look out, they'll say to you, I won't hold you to it.
- 1:20 So, you should probably run. Run, run, run as fast as you can. Sometimes you cannot run, and what you want to do, though, is to try very hard not to give a number, because whatever number you give, that person is going to remember. So if you say, I think it's five months, and then later, when you and the team are allowed to really pay attention, and estimate the right way, it turns out to be seven months.
- 1:42 That person that said to you, I won't hold you to it, is gonna turn around and say, what? I thought you said it was five months. And then you wanna say, I thought you said you wouldn't hold me to it.
- 1:53 And you can see that that's not really a very useful conversation at all now is it? And so we wanna try not to give estimates. Under pressure, off the tops of our heads, off the cuff, which leads us to another pit, which is actually part of this one. Estimating without complete specifications.
- 2:10 See, in that scenario where somebody stops you in the hallway and says hey, you're gonna run this project. And you know, you've run projects like this before, so what do you think it's gonna take?
- 2:20 Maybe they've told you two or three sentences about the project?
- 2:24 That's not enough complete information to really give an estimate.
- 2:29 Something you can do to handle this is you can try to give a range if you really feel pushed. You can give what we call a ref order of magnitude and say, okay I think that's between 550 and 750 hours. And in that way you can kind of give a range. Of course, you know what they're still gonna walk away hearing 550 and you're gonna walk away thinking [SOUND] at least we have 750, and that's why this is challenging. And that's why we try very hard to go through these specific steps, which I know that you are not all allowed to go through in the real world. But that's why we want to know as much as we can about a project before we come up with estimates on it. Now, because we're pushed and because we feel like we don't know, sometimes we pad the estimate.
- 3:19 We pad to protect ourselves. What I mean by that is, you know, think about how you are evaluated. You're evaluated by performing, hitting certain goals in your review cycle in your, at your organization, and you are pushed to produce.
- 3:38 And you are given stretch goals.
- 3:41 And when you are asked to come up with your goals and bring them to your leadership, you try to create goals that you can hit of course. Right?
- 3:50 Well, so on projects sometimes because you don't want to be the one sitting in the infamous conference room and saying we're late. You might be tempted to add some pad to the estimates.
- 4:03 The problem with pad is it tends to get consumed into the work, and so in a way it disappears. And the

minute we give a number, so if we say, well I think that's really a five month effort, but just to protect us all I'm gonna call it a six and a half month effort. When you don't write that down and write why you thought it was six and a half months or why you felt more comfortable with six and a half months. That gets lost and what happens is we tend to kind of [SOUND], we relax into a number, and it becomes a six and a half month project. It's just a part of human nature. I'm not calling names or anything. And I'm not saying that I'm not guilty of that behavior, cuz I'm human too. That's why the best practice is to use contingency. If there's a very specific piece of work and we look at it, we say okay, this piece of work over here, I'm pointing at my imaginary work breakdown structure, just so you know. This piece of work here is going to take four days. However, it's gonna happen during a week when there's some other work going on that I might be asked to participate in. It is something we haven't done for two years.

5:15 And so I think it's four days but it might be smart to put some contingency on it of let's say a day and a half.

5:23 And in that way and we're gonna note, we're gonna tie a risk to that also. And so in that way we're not just padding it we're not saying four days equals five and a half days. We're saying, we want to work to get it done in four days but we are recognizing that there are some risks, other things happening during that week. We haven't done this for a couple of years, therefore let's include some contingency. And then we can have open and honest conversation about what's really in our estimate. That's what we wanna do.

5:52 Another thing we do, we don't use the right people to create the estimate. This might look like you sit in your office and create the estimate yourself. Don't do that.

6:05 I understand that you have expertise. Perhaps you're estimating work that you used to do.

6:12 So let me just emphasize the phrase you used to do.

6:16 As you have moved into your new role and you are no longer performing that work, you have started to forget things.

6:24 It's okay. It doesn't mean you're losing your mind, it means you are normal. And you are focusing on other things you might forget some of the little details. And so it's dangerous for you to be the one to create the estimates.

6:37 When we have the person who's really going to perform the work create the estimate, they are closer. They have more skin in the game, if I can use that expression. In other words, a more responsibility for hitting the number. Because they came up with the number. If you come up with a number for them, they are gonna try. Because you work with good people, and they are gonna try. But, it could be, that if you're wrong, they'll kind of feel like well you know, that was never my number to begin with. If she had asked me, I would have told her.

7:10 It's four days but it could be five and a half days because of some of the risk, all right. We also want to make sure that the people creating the estimate understand the goals of the estimate. And I know that sounds funny. Maybe, funny strange.

7:24 But there's the difference between an estimate I ask you to come up for ideas, ideations, coming up with should we even pursue something versus an estimate that's gonna go into a contract for a fixed bid where we have to be 100% accurate. Right? And one takes a lot more time than the other. So want to make sure we understand what is the estimate being used for, okay? So we really want to use the right people to create the estimate and give them the right information. And then it also comes to sometimes we don't base the estimate on an experience,

8:00 because we'll add in another one there. We didn't keep good records of past estimates.

8:05 When you're running your project, you wanna keep track of, for your status, what did we say? What really happened? Was there a difference and why? And the why, the variance, isn't so someone can get in trouble.

8:21 It's so we can learn.

- 8:23 So, for example, if last year we executed a project very similar to this one then there should be some place I can go. A data base, or some other area where I can look up the estimates from last years project. Hopefully at the detailed level, at the activity level. And we can see, you know what, last year it did in fact take five days for this one specific task. What do we think is different now?
- 8:49 Perhaps we should call it five days.
- 8:52 If you don't have this kind of information now, it's okay. You can start collecting it. If you find that your organization isn't storing estimate information, you start.
- 9:05 And it doesn't matter if you're a project manager or not. If you're not a project manager, keep the estimates that you provide, pay attention to how you perform against those estimates, and keep notes as to when you exceeded an estimate, why where you able to do something more quickly? If it took you longer, why did it take you longer? Keep good notes. And then as a project manager, keep good notes for everything that goes on in your project. Then what you're gonna have is a database full of good estimating data. Because again, our best estimates come from past experience. Another one we do. Changing the estimate to make someone happy, it goes something like this. You bring an estimate to your sponsor, she looks at it and she says, oh and she kinda lets you know she's unhappy. Oh, you know, really? I was hoping you'd do better.
- 10:01 I was really hoping that this, we could knock this one out in less than five months.
- 10:07 You're being and she might even look at you and say so go away and come back to me when it's five months. Now stop right there, don't please don't go and come back and say okay it's five months.
- 10:20 What changed?
- 10:23 If you and your team have absolutely done your best work creating the estimates and they are to the best of all of your knowledge and abilities correct.
- 10:33 Then your sponsor just wishing the number to be smaller doesn't make the number smaller.
- 10:39 And if you change it to make her happy, you and she are going to be unhappy later. Let's take care of it now.
- 10:49 Let's walk through the estimates. If they're really accurate, we don't have any hidden pad. Then, let's say to her, it really is gonna take six and a half months. If you would like it in five months what would you like to be different?
- 11:07 Maybe we reduce scope.
- 11:10 Maybe we pay overtime. Maybe we bring in additional resources if it makes sense to do so. But, we don't just change a number to make someone happy, cuz it's a very, very temporary happiness. It leads to games. And I will tell you a sad story, a sad story from my past. Of a game I had to play with someone. Or, I felt like I had to play with him. Maybe I didn't have to play this game with him, but none the less I'm going to confess to you there was a game I played. There, was a specific, Vice President at an organization where I worked. And the first time that I worked on a project for him I worked with my team, they were experienced. They had done this kind of work. They provided me their estimates. I pulled it all together. I brought him the schedule. I put it in front of him. And the first thing he said to me is, where's your pad? And I didn't have any. I really did not have any pad and I said so. And he said I don't believe you. Everybody has pad. Take two weeks off this thing. In fact, I don't even care, I'm just gonna tell you, you have to have it done two weeks earlier.
- 12:16 That was not my favorite meeting. And I had to go back to the team and say, here's what happened. And they said, oh, we're sorry and he does that all the time.
- 12:25 So what do you think I did next time I brought him a project?

- 12:29 That project schedule. What do you think I did?
- 12:33 You guessed it. Unfortunately, guessing at what I thought he was going to do, because he assumed I had a pad, I added in extra time.
- 12:45 What a waste. A waste of my time, a waste of his time. How sad that he felt that every project manager he worked with participated in the game of pad and yet there I was a brand new project manager not playing the game of pad.
- 13:02 And I started playing the game because he took perfectly good valid honest schedules and cut them arbitrarily.
- 13:11 And I hope you never have to go through that. Enough of my sad story,
- 13:17 those are some of the estimating pitfalls that we tend to encounter. Just by the nature of being human beings, now you know about them. You don't have to encounter these pitfalls and that's good. I only want things to go well for you. Thanks for being here. Bye for now.