0:00 [MUSIC] You and the team are both excited and nervous about project day. You're on a tight deadline to create and launch a new product. This product is very promising. Research shows that your customers will love it and they will buy it.

0:24 You are all 100% dedicated to this project, so that you can all give it the necessary focus to launch the new product before any of your competitors.

0:33 Everyone is nervous about meeting the due date, and everyone is nervous about submitting estimates. To be fair, because this is a new project and there are activities that the team members have never completed before, this introduces an element of uncertainty.

0:47 In a team meeting, a team member questions one of his peers about an estimate. He believes that the estimate seems too high.

0:55 His peer replies that this is a piece of work that none of them have completed before. And, so in order to manage expectations, he has taken his original estimate and padded it.

1:06 He does not want to be the one who misses a due date on this critical project. Others nod and express that they, too, have placed some pad in their estimates. You do not want to be the project manager who misses the due date on such a critical project. And so, you, in this situation there are definitely organizations out there that engage in the behavior described in answer A and answer B. Technically, we are not supposed to pad and hide extra time or money that we think the work might require. The best practice is to note the risk and discussion some extra time that could be needed, and discuss this as contingency. B is not really bad, but it does not allow for discussion and planning of the contingency, and some people will keep their estimates padded. C represents the best practice response. Acknowledge pieces of work where there is uncertainty, and discuss that uncertainty and plan for it. Padding hides the true estimate, and the actual results, too.