

Project Management Foundations: Budgets

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Use these terms and definitions below to understand concepts taught in the course.

Transcript Search: note that you can search for terms directly within the course. To search video text, switch to the Transcript tab, then press Cmd/Ctrl + F on your keyboard to run a search within the active transcript.

Term	Definition
accuracy	The correctness of an estimate
baseline	The approved version of a work product used as a basis for comparison to the actual results
budgetary estimate	An estimate that includes scope, requirements, resource availability, material costs, and costs to address risk and provides an estimate that has an accuracy range of 25% higher or 15% lower than what the actual cost will be
contingency reserve	Time or money allocated in the schedule or the cost baseline for known risks with active response strategies
definitive estimate	The final, most detailed, and accurate estimate that incorporates actual resource availability and a detailed design of the proposed solution based on project data to date, with a target range of 10% higher or 5% lower than this estimate
earned value approach	An analysis that calculates how much a project has earned based on how many tasks are completed
management reserve	Funds set aside for unexpected issues not identified in risk mitigation
order of magnitude estimate	Used in creating an initial estimate, which suggests that the actual cost or duration could be 75% higher or 25% lower than one's estimate

precision	The degree of exactness of a budget; for example, an estimate of 15 days is more precise than “sometime this month”
WBS	Work Breakdown Structure; A breakdown of a project team’s total scope of work to accomplish the project objectives and create the required deliverables