



Northeastern University
College of Professional Studies

Project Scheduling & Cost-Planning

PJM 6025

Assignment 4B

Title: Final Cost Management Document

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1. PROJECT OVERVIEW

Marvel Studio and Walt Disney Studios Motion Pictures, established production studios have decided to collaborate once again for the next(fourth) installment of the ‘Avengers’ movie-series. The studios are known to deliver highly successful, entertaining movies for their audience. This time around, one of their competitors ‘DC Films’ have decided to release a movie of a similar genre- at the same time alongside the client.

The objective of this movie-based project is to increase the revenue despite the competition through enhanced visual effects and jaw-dropping action sequences, releasing the movie before the end of December 2019, to acquire the target audience (teenagers). The client has stated that the quality of the movie must not be hampered at any cost. Therefore, they have set the budget for this mammoth project- including cast/crew, shooting, marketing, and distribution expenses at USD 400 million.

2. BASELINE STATEMENT

The project is estimated to cost very close to the project’s estimated budget of 380 million- developed in the cost management draft.

Estimated Project Cost	USD 362,199,920
Contingency	USD 18,710,000
Cost Baseline	USD 380,909,920

3. RESERVE ANALYSIS

The contingency reserve has been calculated using Estimated Monetary Value method by anticipating risks likelihood and the corresponding severity on project’s budget, which amounts to USD 18.71 million. The calculation for each risk is as follows:

Risk	Probability (%)	Impact (USD)	Estimated Monetary Value (USD)
Unfavourable weather for shooting	15	10,000,000	1,500,000
Hotel/Travel unavailability	10	1,550,000	155,000
Overlapping actor(s) schedule	20	10,000,000	2,000,000
Camera defect	5	100,000	5,000
Injured/dead stunt doubles	15	12,000,000	1,800,000
Outdated special effects	30	40,000,000	12,000,000
Faulty Equipment	10	2,500,000	250,000
Collapse of the built set	20	5,000,000	1,000,000
TOTAL			18,710,000

4. RESERVE STATEMENT

The project shall require 18.71 million USD based on the reserve analysis conducted using Estimated Monetary Value. For this method, each risk has been allocated with probability and impact with the corresponding trigger for each. These funds shall be utilized only if the risk has been triggered. The Project Risk Management Team S1, Project Risk Management Team S2 work closely to plan and implement risk response respectively. The funds associated with the particular risk response shall not be granted until and unless there is a mutual consent between the two teams with regard to the risk involved. A contract has been prepared for this very purpose to ensure transparency between the two teams and the production studio. It clearly states that the production studio shall disburse the funds only after both the teams have agreed that the risk will occur and on the corresponding money required.

5. UPDATED FUNDING REQUEST

The project is estimated to be completed within USD 362,199,920 if the project follows the most optimistic pattern. However, this may not be the case for a project of this magnitude in terms of budget and time-scale (19 months). To account for the known unknowns that may occur at different phases of the movie-making process and especially at the production/shooting stage, a contingency reserve has been developed by keeping potential risks in mind. Each risk has been associated with a reasonable cost obtained by the product of risk probability and impact.

“Our team believes that we may require an additional fund of USD 16.71 million to account for the risks involved.”

6. FUNDING SCHEDULE

DATE	WBS CODE	DELIVERABLE	AMOUNT (USD)	AGGREGATE AMOUNT (USD)
25/05/2018	2	Script	30,064,800	30,064,800
9/6/2018	3.2	Casting resources	4,160	30,068,960
15/07/2018	3.1	Shoot location	6,552,160	36,621,120
16/08/2018	4	Production	8,479,440	45,100,560
25/08/2018	1.1.4.5	Project Documentation	574,480	45,675,040
26/08/2018	3.2	Casting	200,000,000	245,675,040
25/09/2018	3.3	Costume Design	52,160	245,727,200
23/11/2018	1.4.2.5	Project Management	10,303,440	256,030,640
26/07/2019	6.3	Marketing Campaign	5,000,000	261,030,640

13/07/2019	7	Distribution	395,200	261,425,840
22/08/2019	5.1.4.1	Visual Effects	100,000,000	361,425,840
8/10/2019	5.1	Post-Production expenses	629,280	362,055,120
2/09/2019	6	Promotion	144,800	362,199,920