

Cost Management

- Similarities to Time Management
- Costs should be ...
 - Planned
 - Quantified
 - Measured
- Tie costs to activities and resources
- Build estimates from the bottom

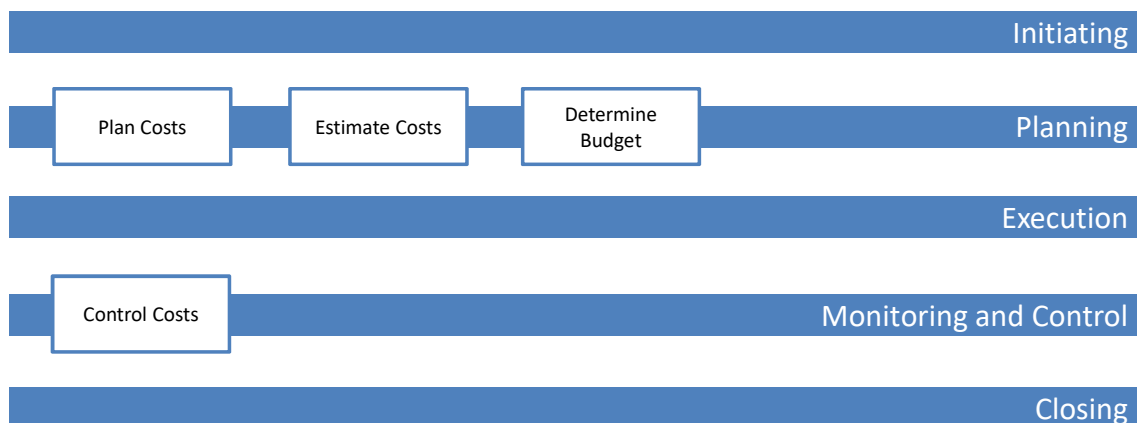


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Cost Management



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Plan Costs

- Define how project costs will be
 - Estimated
 - Budgeted
 - Managed
 - Monitored
 - Controlled



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Plan Costs - Inputs

- Project Charter
- Project Management Plan
 - Schedule Management Plan
 - Risk Management Plan
- Enterprise Environmental Factors
- Organizational Process Assets



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Plan Costs - Tools

- Expert Judgment
- Data Analysis
- Meetings



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Plan Costs – Outputs

- Cost Management Plan



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Estimate Costs

- Each schedule activity is analyzed
 - Time
 - Resource
 - Cost



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Estimate Costs - Inputs

- Project Management Plan
 - Cost Management Plan
 - Quality Management Plan
 - Scope Baseline
- Project Documents
 - Project Schedule
 - Lessons Learned Register
 - Resource Requirements
 - Risk Register
- Enterprise Environmental Factors
- Organizational Process Assets



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Estimate Costs - Tools

- Analogous Estimating
- Parametric Estimating
- Bottom-Up Estimating (WBS)
- Three-Point Estimating (PERT, Triangular)
- Data Analysis
- PMIS
- Decision Making



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Estimate Costs – Outputs

- Cost Estimates
- Basis of Estimates
- Project Document Updates



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Determine Budget

- Budget = Cost Performance Baseline
- Mapping cash flow and likely expenditures to time phases



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Determine Budget - Inputs

- Project Management Plan
 - Cost Management Plan / Resource Management Plan / Scope Baseline
- Project Documents
 - Basis of estimates / Cost estimates / Project schedule / Risk register
- Business Documents
- Agreements
- Enterprise Environmental Factors
- Organizational Process Assets



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Determine Budget - Tools

- Expert Judgment
- Cost Aggregation
- Data Analysis
- Historical Information Review
- Funding Limit Reconciliation
- Financing



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Determine Budget – Outputs

- Cost Baseline
- Project Funding Requirements
- Project Document Updates



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Control Costs

- Monitor costs carefully and proactively
- Measure what was executed against what was planned



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Control Costs - Inputs

- Project Management Plan
 - Cost management plan / Cost baseline / Performance measurement baseline
- Project Documents
- Project Funding Requirements
- Work Performance Data
- Organizational Process Assets



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Control Costs - Tools

- Expert Judgment
 - Earned Value Measurement / Forecasting / Variance Analysis / Financial Analysis
- Data Analysis
 - Earned Value Analysis / Variance Analysis /
 - Trend Analysis
- To-Complete Performance Index (TCPI)
- Performance Reviews
- Project Management Information System



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Earned Value Management

- Achieved value
- Spent time/money
- Calculation of key figures
 - What was planned?
 - What is achieved?
- Calculation of estimates



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Life Cycle Costing

- Not only considering product development costs
- What is the total cost of ownership (TCO)?
 - + Purchasing/creating of product
 - + Operations
 - + Disposal



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Value Engineering

- Get more benefit / value out of the project
 - Increase bottom line
 - Decrease costs
 - Improve quality
 - Shorten schedule



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Control Costs – Outputs

- Work Performance Information
- Cost Forecasts
- Change Requests
- Project Management Plan Updates
- Project Document Updates

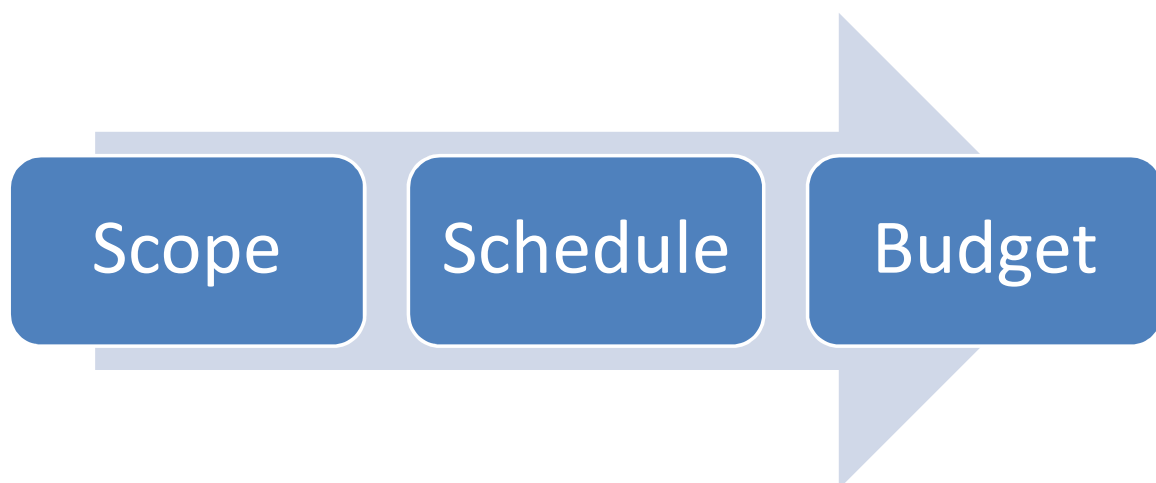


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Triad



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