



## **ACCOUNTING AND FINANCE**

# Cost Estimation for the Resources Industry

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# Cost Estimation for the Resources Industry

## Introduction:

The estimating techniques covered in this course will provide delegates with the necessary skills to forecast accurately the anticipated costs of projects with a focus on estimates for pre-construction services, estimating sub-contractor work, estimating general conditions, pricing self-performed work, and estimating negotiated contracts.

The development of reliable cost estimates during the design and early conceptual stages of a proposed project is of critical importance since the decision to proceed with a project is often based almost exclusively on early conceptual cost estimates. These estimates also provide the basis for the cash flow projections and forecasts used during the project feasibility study.

## Objectives

### **By the end of this course, participants will be able to:**

- Apply techniques used in Project estimating, from the conceptual stage to the final detailed estimate
- Understand the different types of contracts based on the distribution of risk between contracting parties
- Synthesize innovative incentive arrangements to get the best results from the contract
- Apply proper risk analysis to effectively mitigate risks at minimal costs, and to determine appropriate contingencies for residual risks
- Prepare lump-sum, unit-price, cost plus, and time-and-materials estimates and contracts

## Who should attend?

**This course is suitable to a wide range of professionals but will greatly benefit:**

- Project Cost Estimators
- Project Designers
- Project Planners and Schedulers
- Contracts Professionals
- Project Procurement and Purchasing Staff
- Project Control and Business Services Professionals who have the responsibility for preparing cost estimates and project proposals in client and contracting companies

## The Course Content

### **Day One: Cost Estimating Basics**

- Basic Project Management definitions
- Cost Selection Methods
- Typical project terminology & setting up for success
- Project cost management, Cost Control
- Resource & Cost Allocation
- Understanding project management inputs to cost estimation

### **Day Two: Pricing, Contracts and Risk**

- Project management inputs to cost budgeting
- Resource Requirements
- Direct & Indirect Project Costs
- Probability and Standard Deviation Formulae
- Contract types according to risk distribution
- Fixed Price Contracts, Cost-Plus Contracts

### **Day Three: Developing the Project Budget & Cost Control**

- Risk Identification, Analysis & Management

- Qualitative Risk Analysis
- Quantitative Risk Analysis
- Risk & Probability Matrix
- Risk Response Strategy
- Cash Flow management

#### **Day Four: Approximate & Detailed Estimating Methods**

- Material Estimating
- Civil/Construction Estimating
- Labor estimating, Detailed estimating with labor crews
- Procurement Management
- Risk distribution in contracting
- Project risk profiles

#### **Day Five: Advanced Estimating Methods**

- Building Information Modeling (BIM)
- Cost Estimating Relationships (CER)
- Computer Estimating
- Control Charts