

ESTIMATION OF BUSINESS EXPENSES

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1. INTRODUCTION

* A business estimate is a document that provides potential clients with an approximation of the costs associated with the goods or services they are interested in. It is important to remember that an estimate is not a binding contract, but rather a tool used to help secure business.

1.1 OVERVIEW

* This involves estimating all the expenses required to start and operate the business, such as equipment, rent, inventory, and marketing. By calculating these costs upfront, business owners can better plan their budget and avoid unexpected expenses.

1.2 PURPOSE

*Parametric estimating. The parametric estimating method involves using historical data to determine the costs of each part of the endeavor. ...

Analogous estimating. ...

Three-point estimating. ...

Top-down estimating. ...

Bottom-up estimating. ...

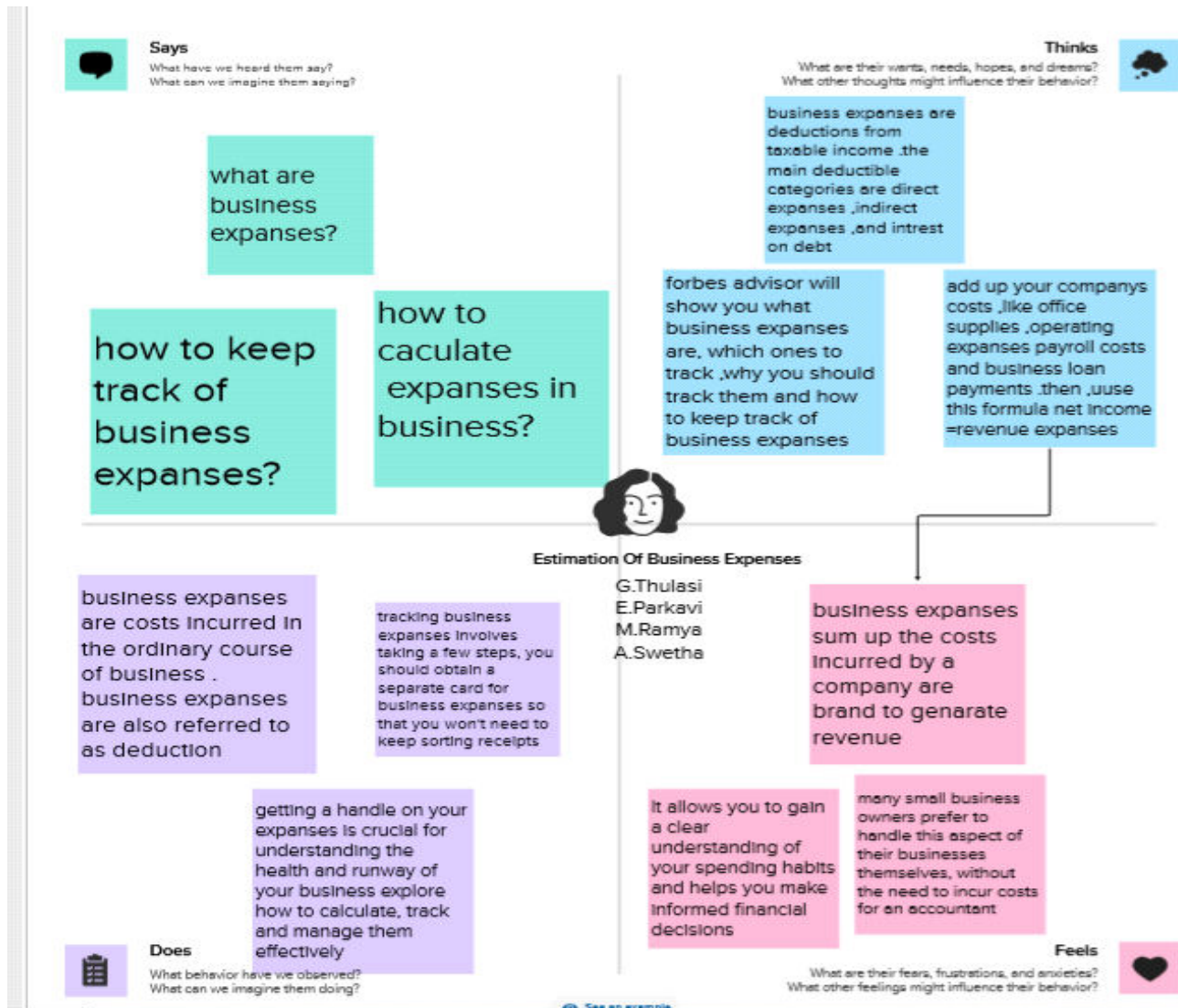
Project management information system. ...

Delphi method. ...

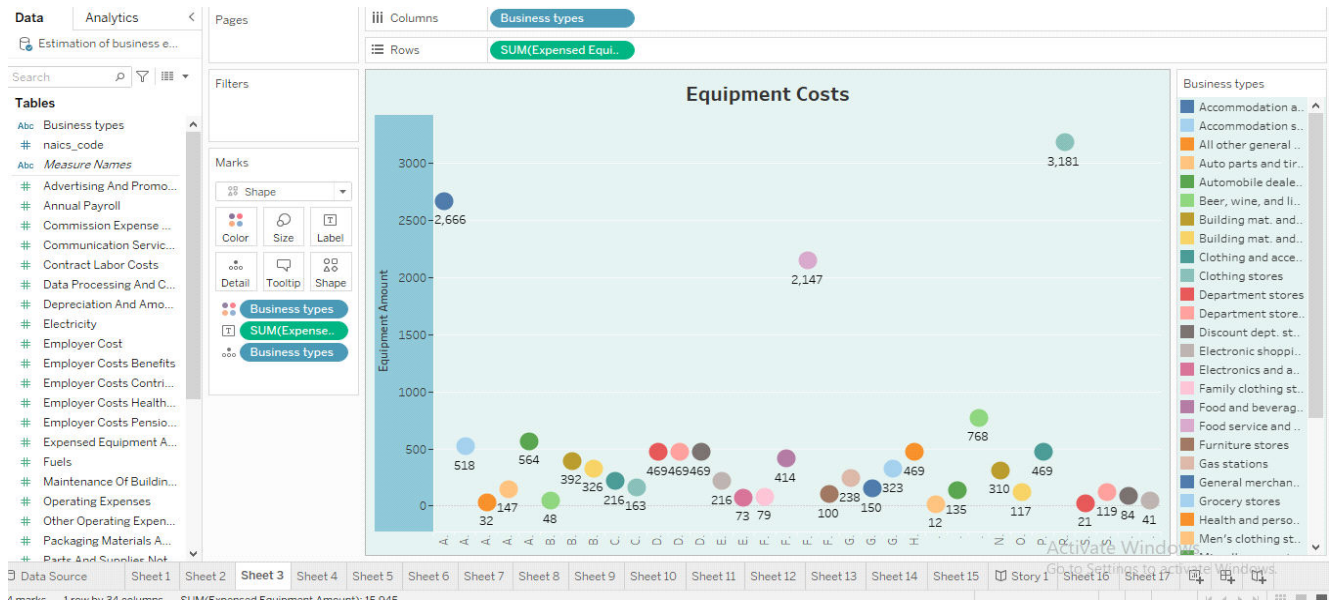
Decision-making.

2.PROBLEM DEFINITION & DESIGN THINKING

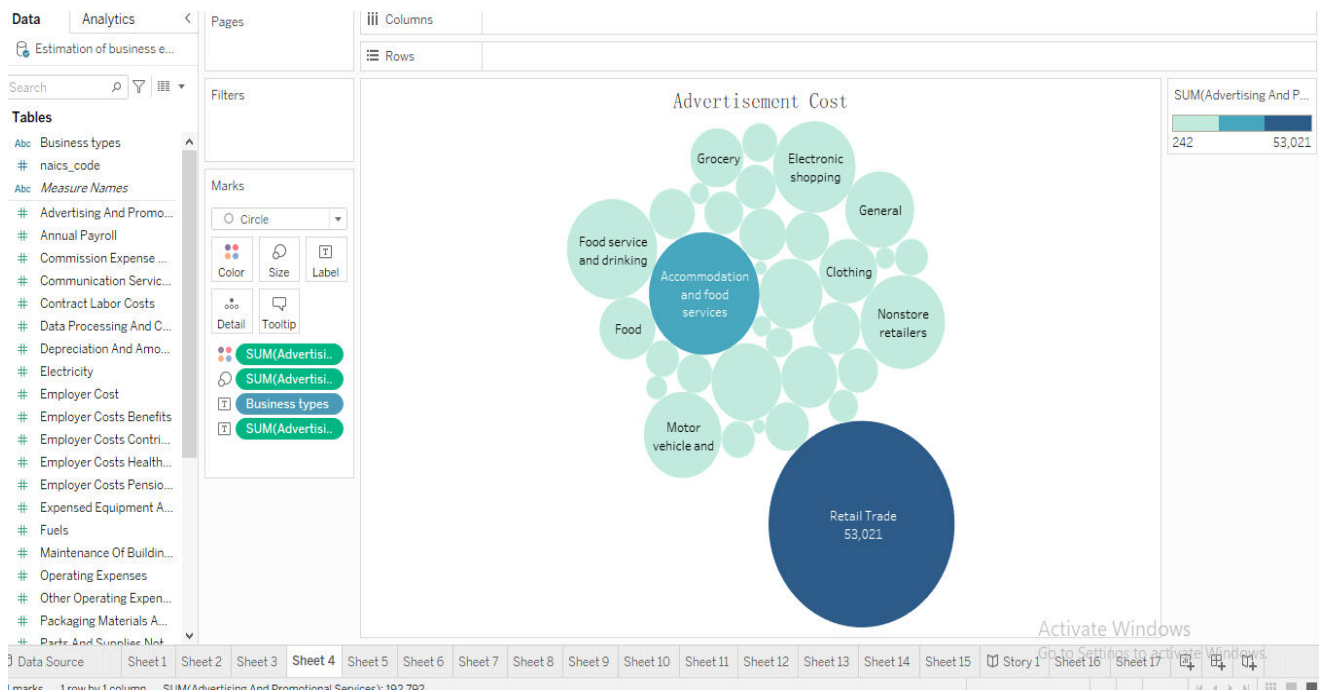
2.1 EMPATHY MAP



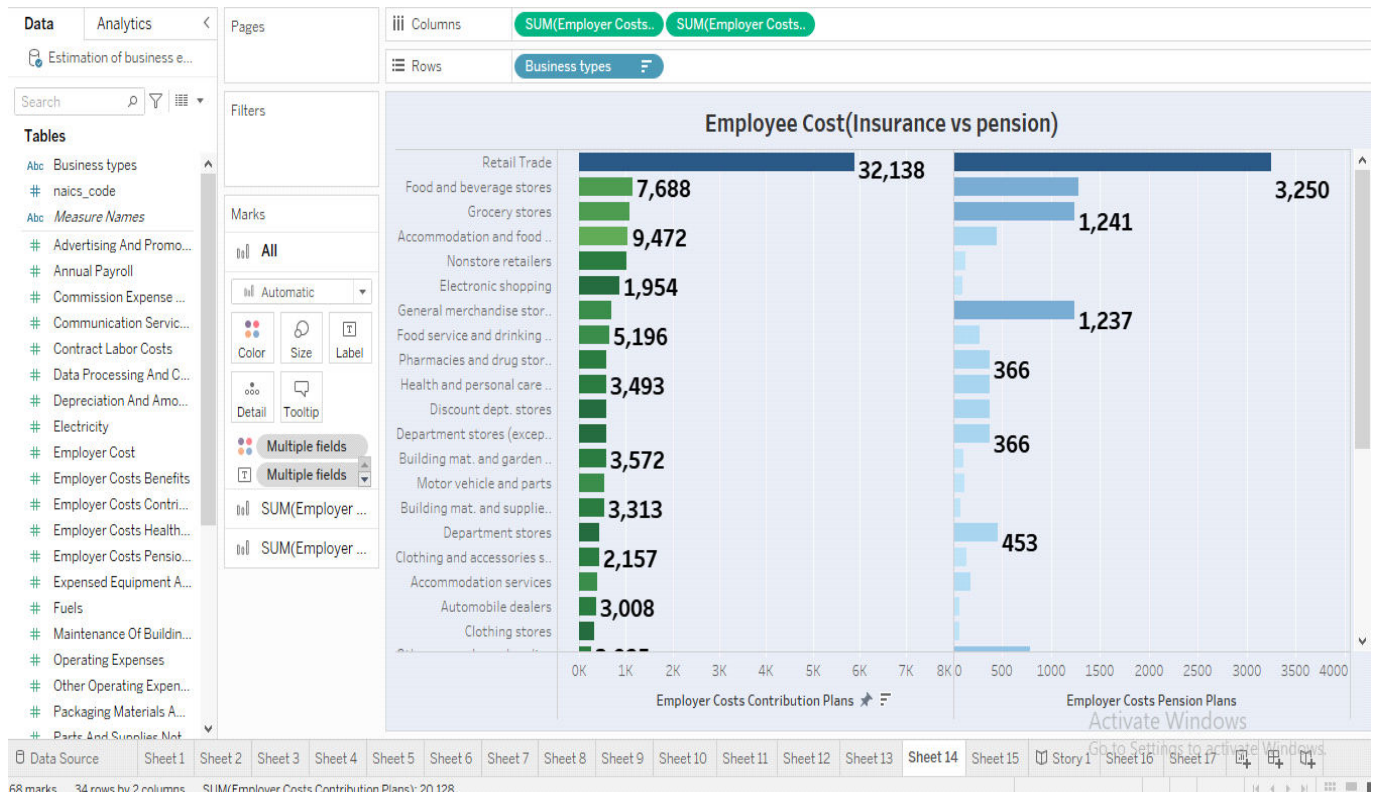
2.2 IDEATION & BRAINSTORMING MAP



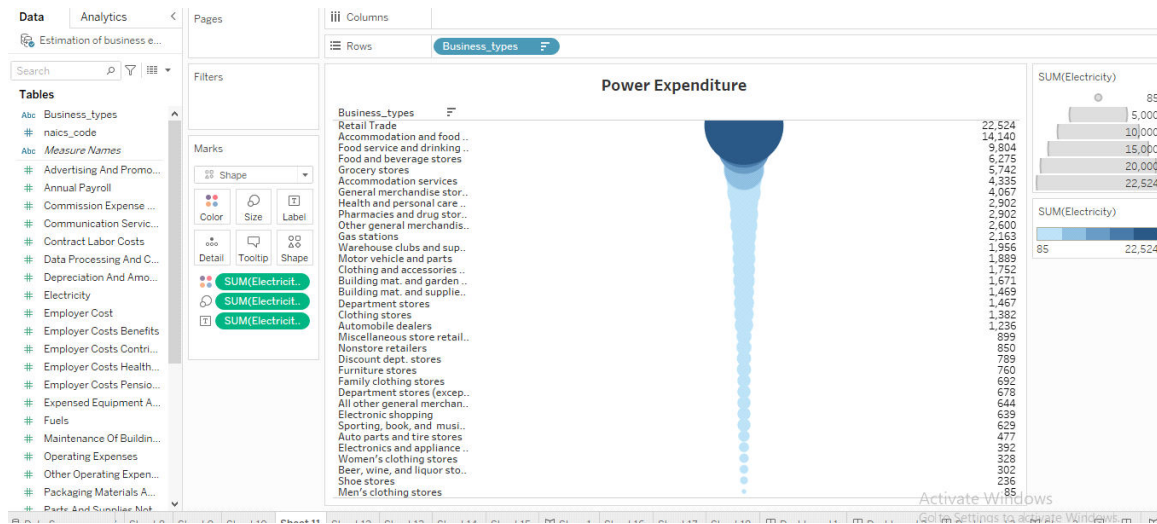
ADVERTISEMENT COST



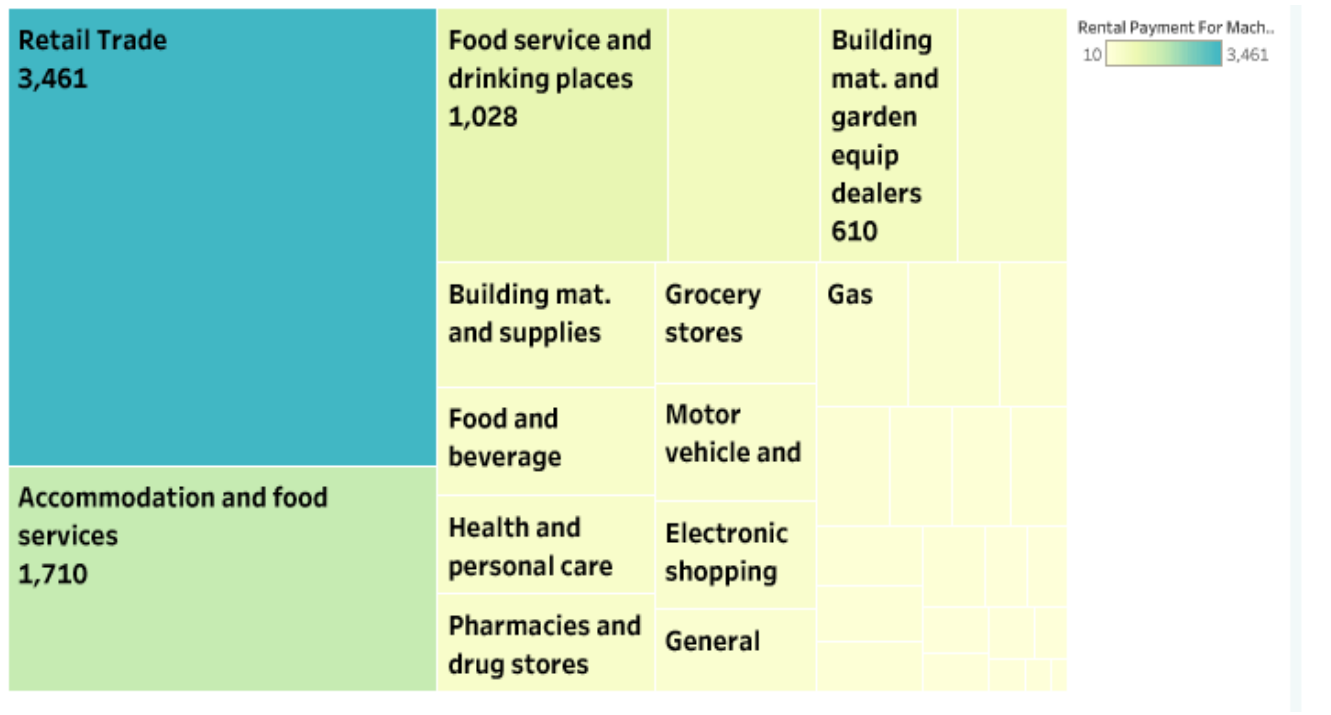
EMPLOYEE COST (INSURANCE VS PENSION)



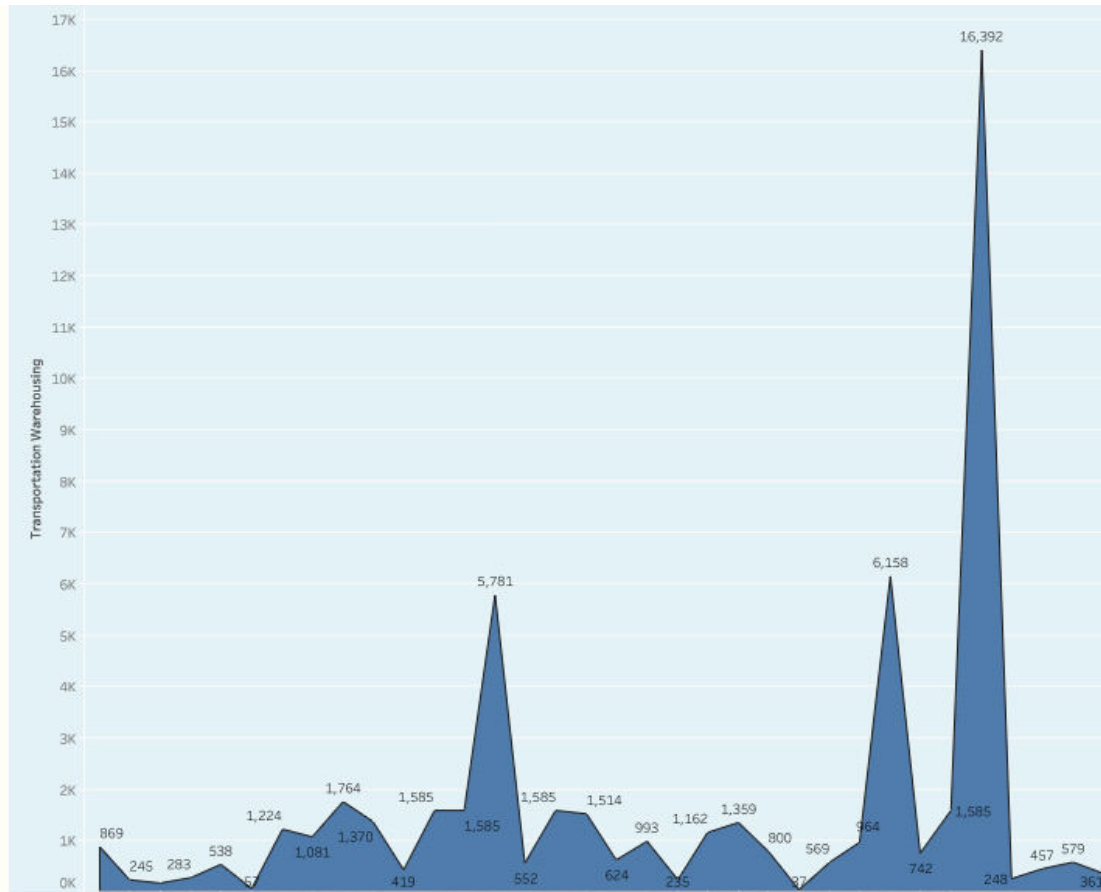
POWER EXPENDITURE



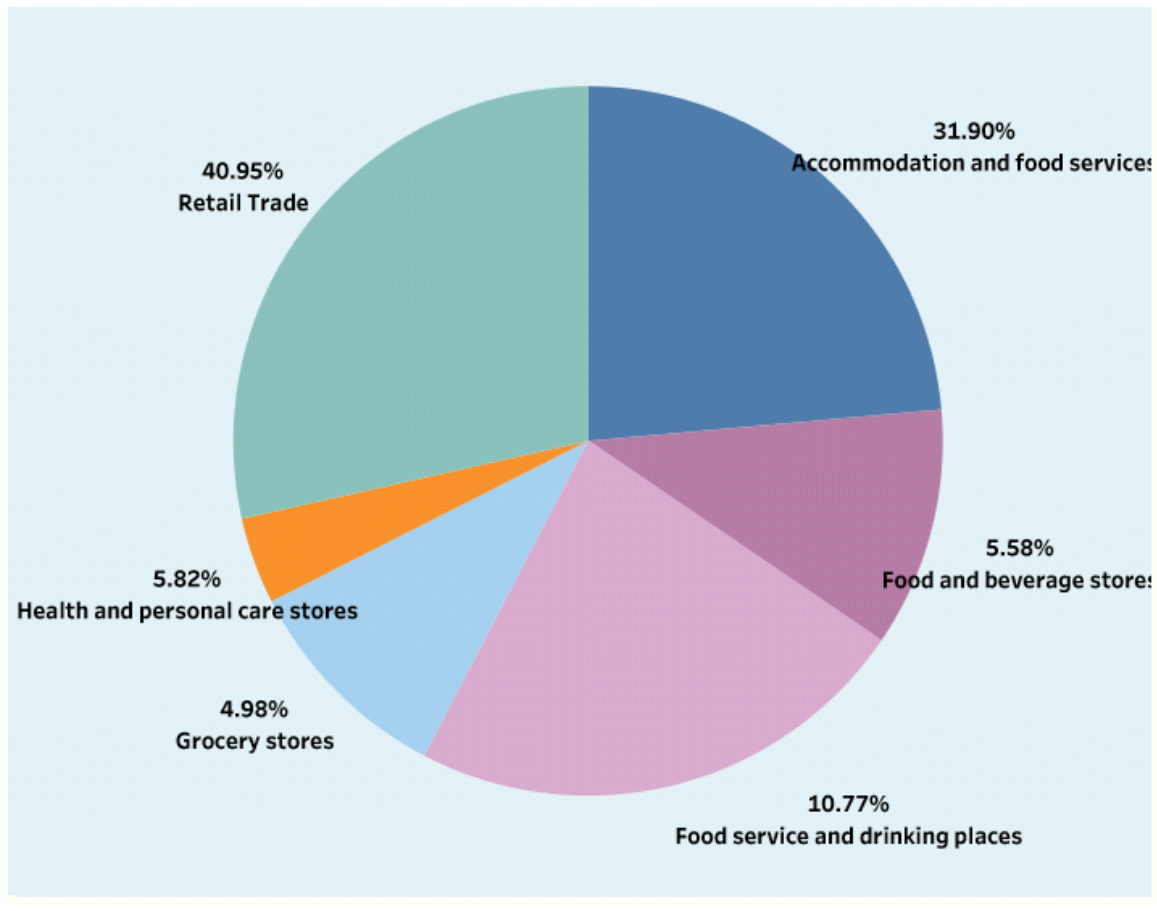
RENTAL PAYMENTS FOR MARCHINARY



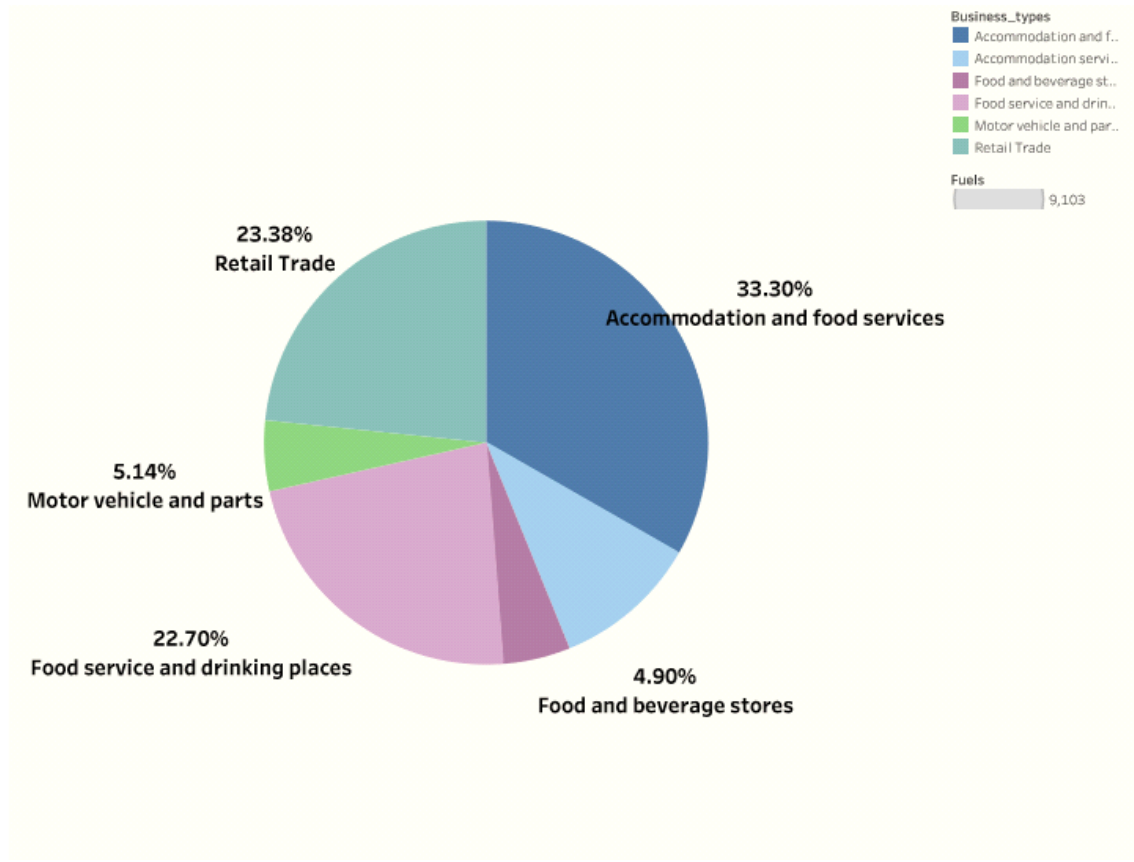
TRANSPORTATION AND WAREHOUSING



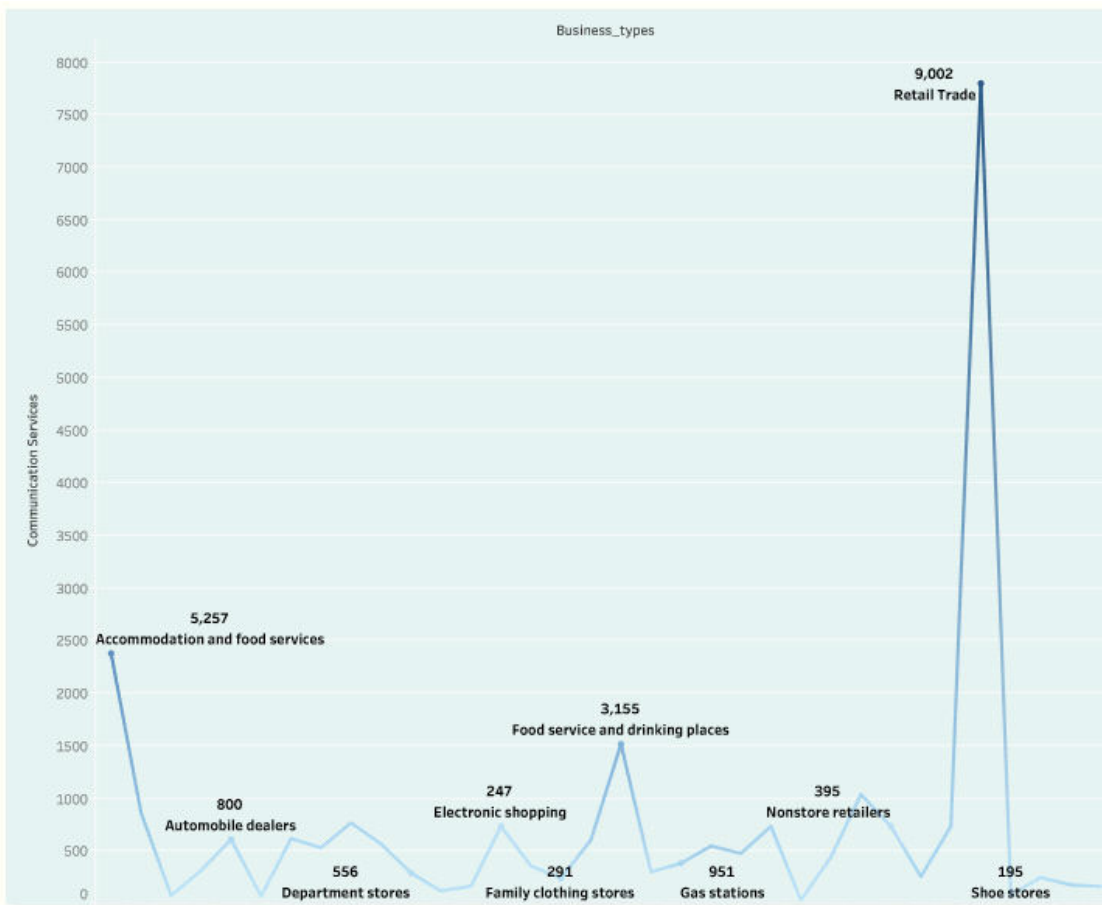
TAXES & LICENSES



FUEL



MAINTENANCE OF BUILDINGS



4. ADVANTAGE OF ESTIMATION OF BUSINESS EXPENSES

- 1.* Estimate gives the estimated duration of the work.
2. *The estimated cost of the work can be known from the estimate.
3. *Unexpected costs and blocked working capital can therefore be avoided.
- 4.* Completed quickly.

5. *Available.
- 6.* supervisor, engineer, senior engineer, etc.
7. *The estimate is made keeping in view the previous years so the mistakes made in the previous years can be removed.
- 8.* Materials can be ordered as required.

DISADVANTAGE OF ESTIMATION OF BUSINESS EXPENSES

1. *The estimate cannot communicate between labor and supervisor.
- 2.* Changing the method of estimation does not maintain the quality of the material.
- 3.*Good efficiency cannot be achieved with every task.
4. *Certain types of overhead costs cannot be controlled.
- 5.*This is actually not an efficient operation.
- 6.*Significant variation from the specific value is observed.
- 7.*This is not developed on drawings or specifications.
- 8.*This is an extremely customizable re-usability constraints.
- 9.*Interpreted inconsistently with each order.
- 10.*There is always a chance of exceeding the budget or schedule.
- 11.*professionals.

12.*It is inefficient for specific kinds of overhead costs which are required to be managed.

13.*In non-manufacturing processes, it is strenuous to apply it as the link between cost & production cannot be computed.

5. APPLICATION OF ESTIMATION OF BUSINESS EXPENSES

*This involves estimating all the expenses required to start and operate the business , such as equipment ,rent,inventory ,and marketing

* By calculating these costs upfront ,business owners can better plan their budget and avoid unexpected expenses

*The purpose of cost estimation is to predict the quantity ,cost ,and price of the resources required to complete a job with in the project scope .

* Cost estimates are used to bid on new business from prospective clients and to inform your job and budget planning process

* Cost estimation is don by breaking the scope of the project down into manageable parts and using all information available to arrive at a total expected cost.

6.CONCLUSION ESTIMATION OF BUSINESS EXPENSES

*In conclusion, cost estimation is an important component of project management that ensures projects are finished on schedule and within budget. Since inaccurate cost estimates can have serious financial consequences for businesses, accurate cost estimating is crucial for all stakeholders engaged in a project.9 60, 2023financial consequences for businesses, accurate cost estimating is crucial for all stakeholders engaged in a project.9 60, **2023**

* Project costs are being poorly estimated

* The accuracy of cost estimation has to be improved

Data collection

Use of tools

*Use several methods of estimation

