

# [Estimate the cost of a project](https://assignbuster.com/estimate-the-cost-of-a-project/)

[Business](https://assignbuster.com/essay-subjects/business/)

Estimate of Cost Project The present project comes with two major forms of cost. These are monetary cost and non-monetary cost. Examples if non monetary include time and energy. There is indeed no way that such costs can be overlooked as they go a long way to have indirect monetary repercussions. For instance the time spent on a particular activity in the project could be used in a direct money making venture. The same goes for the energy used in undertaking an activity in a particular venture. Having said this, the non-monetary cost aspects of the project shall be quantified and included in the estimate of cost. For each itemized activity also, a very detailed consideration is made with regards to the duration that the project members had to take to complete the activity. It is for this reason that a decomposed version of the work breakdown structure would be used. It is also important to note that before the final values of costs were reached, a comprehensive cost management plan was put in place to ensure that the final values are the best market values available.
ACTIVITY
ESTIMATED DURATION
MONETARY VALUE (expressed in USD)
NON-MONETARY VALUE (quantified time and energy expressed in terms of high, medium or low prorioty)
ESTIMATED COST (MONETARY + NON-MONETARY)
Feasibility study
7 days
7000
High
7900
Development of project charter
2 days
30
Medium
35
Conference on project charter
2 days
300
Low
320
Project sponsor approval
1 day
20
Medium
23
Seeking and securing of sponsorship
4 days
5000
High
5500
Preparation of scope statement
2 days
200
Medium
220
Formation of project team
1 day
100
Low
110
Project team conference
2 days
300
Medium
330
Team’s official planning
5 days
-
High
30
Official Plan submission
1 day
30
Low
31
Approval of plan
1 day
-
Medium
30
Project inauguration meeting
1 day
300
High
330
Project inauguration
1 day
500
Low
520
Verification of user requirements
3 days
300
High
390
System Designing
3 days
500
High
590
Procurement execution
14 days
11, 000
High
11700
Installation and Testing of Engines
20 days
1, 500
High
2, 300
Project Management
28 days
3, 000
High
3, 300
Quality Control
28 days
2, 000
Medium
2, 200
Risk Management
28 days
1, 000
Medium
1, 100
Update of Project delivery
7 days
300
Medium
330
Project Auditing
7 days
500
High
580
Evaluation of Project
4 days
200
Medium
220
Archiving of files and documents
5 days
200
Low
210
TOTAL
34, 280
38299
From the cost estimation, it can be seen that the present project is a high risk project in the sense that it involves a lot of cost. To mitigate the possible scenario of higher cost, it is admonished that the procurement stage, which entails the highest cost should be deprived of sole sourcing. The company ought to open up a public procurement bidding process to ensure that the company gets very good value for the project. It is also admonished that as much as possible, the company should depend on internal labor instead of external labor. This will actually go a long way to ensure that non-monetary costs are cut down.
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