

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

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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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