

Estimate the cost of a project

Business



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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 of 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 priority)

ESTIMATED COST (MONETARY + NON-MONETARY)

Feasibility study

7 days

7000

High

7900

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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

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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

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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

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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

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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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