

Compare and contrast cost estimating techniques



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The two types of cost estimating techniques that I am going to compare and contrast are parametric procedures applied to specific tasks and phase estimating. These two techniques are a part of bottom-up approaches but apply processes from top-down approaches. They both use techniques that allow for estimating projects by breaking down into sections. In comparison the parametric procedures breaks the projects down into specific tasks and the phase estimation breaks the projects down in a time line.

Parametric procedures applied to specific tasks splits a project into portions and add labor and materials needed to decide the cost of a project's tasks. For example to estimate the wall papering allowance on a house remodel, the contractor figured a cost of \$5 per square yard of a wallpaper and \$2 per yard of install it for a total cost of \$7. By measuring the length and height of all the walls she was able to calculate the total area in square yards and multiply it by \$7. (Larson & Gray, 2011)

Phase estimating is used when an unusual amount of uncertainty surrounds a project and it is impractical to estimate times and cost for the entire project. Phase estimating uses a two-estimate system over the life of the project. A detailed estimate is developed for the immediate phase and a macro estimate is made for the remaining phases of the project. (Larson & Gray, 2011) In my opinion, parametric procedures applied to specific tasks is a much better approach. This approach allows for the project manager to plan for the project by tasks to be completed.

Time management, attention to details, and communication is important in the approach. Although, this approach is a bit time-consuming it allows all parties involved in the completion of the project to be accountable for quotas

prior projects being started. Although the phase estimating approach allow for planning a project in different time frames, unfortunately the customer will want an accurate estimate of schedule and cost the moment the decision is made to implement the project.