

Project Cost Management - 2 Days

2 Day Workshop – Course PM16

PM16 – Project Cost Management

Course ID: PM16

Credits: 14 PDUs

Course Duration: 2 days

Course Level: Basic/intermediate

Course Description:

The Cost Management course addresses the identification, elaboration, planning, and management of the project budget. Including selected processes from the PMI Integration, Cost, Scope and Risk Knowledge Areas, this class addresses the development of a Project Cost Estimate, Project Budget, and the Project Budget Baseline. In addition it addresses the preparation of a spending profile that supports variance analysis and corrective action using Earned Value Management. Using a combination of theory based lecture and hands on exercises, students are provided with an effective skill set for developing and controlling the project budget baseline.

Strategic Course Goals and Objectives:

1. Fluency in cost estimating methods
2. Skills and tools allowing the development of a project cost estimate
3. Development and management of the Cost Baseline
4. Ongoing cost baseline management and control

Tactical Skills:

1. The mechanics of Bottom-up Estimating
2. The mechanics of Analogous Estimating
3. The mechanics of Parametric Estimating and “Cost Estimating Relationships”
4. How to read and analyze a project cost estimate
5. Life-Cycle Costing - how to estimate the costs of a project over the project life cycle
6. Time-Phased Budgeting - how to prepare the budget/cost baseline
7. A comprehensive introduction to cost variance analysis and cost control

Course Audience:

This course is intended for both project team members and project managers wishing to gain a fluent working knowledge of commonly accepted best practices for planning and management of

the project cost baseline. Team members and managers looking to improve their project cost estimating and cost budgeting skills and looking to improve their understanding of how to deliver their projects within budget should take this course. Students on a track to take the PMP examination should take this course.

Workshop Outline

This seminar provides participants with a process that introduces them to project cost management as presented in the *PMBOK® Guide, 5th Edition*. Specifically they will learn:

1. Strategic Course Goals and Objectives

Financial term and concepts

Fixed and variable costs

Sunk costs

Direct costs

Indirect costs

Project evaluation techniques

 Payback

 Benefit:Cost ratios

 Rate of return

 Net Present Value

2. Introduction to Cost Management processes

Triple Constraint

Project Management Plan

WBS

Resource Estimates

Time-Phased Budget

3. Introduction to Cost Management processes

Triple Constraint

4. Plan Cost Management

Purpose

Cost Management Plan

5. Estimate Costs

Context

Purpose of Estimate Costs

Cost estimating tools and techniques

Analogous estimates

Parametric estimates

Bottom-up estimates

Three-point estimates

Reserve analysis

Cost of quality

6. Determine Budget

Context

Purpose of Determine Budget

Determine Budget tools and techniques

Cost aggregation

Reserve analysis

Funding limit reconciliation

Reserves

Contingency reserve

Management reserve

Cost baseline

7. Control Costs

Context

Monitoring and Controlling the project

Integrated Change Control

Purpose of Control Costs

Calculating variance analysis

8. Earned Value Management

Purpose

Introduction

Earned value rules

Earned value formulas and calculations

Earned value graph

Forecasting

To Complete Performance Index

9. Project Closure

Purpose

Lessons learned