

## Project Budgeting and Estimating: Taking Control of Your Projects - 3 Days

### Course 923 Overview

- You Will Learn How To**
- Create an accurate budget for any level of work from individual project tasks to entire portfolios
  - Estimate tasks using activity-based costing, and aggregate to project budgets
  - Aggregate individual costs to form a project budget
  - Quantify risk to justify contingency funding and produce a defensible baseline
  - Manage the program budget, allocating funds to projects with the best rate of return
  - Leverage Earned Value Analysis to determine project status, forecasts and any necessary corrections

**Course Benefits** Project managers are under constant pressure to deliver their projects under budget, yet projects in every industry often exceed their original budgets. This course provides the skills to estimate realistic budgets for completing planned project scope. You also learn how to leverage an approved baseline budget to support the organization's strategic objectives.

**Who Should Attend** Anyone who wants to learn about budgeting, including project and program managers, department managers and team members. Project management experience at the level of Course 296, "Project Management: Skills for Success," or Course 340, "Project Management for Software Development," is strongly recommended.

**RealityPlus™** Through an authentic case study-based simulation, you gain experience creating and managing a budget on a large-scale project. Role-playing, individual and team activities include:

- Estimating individual task costs using various tools
- Conducting peer reviews of individual estimates
- Categorizing costs
- Building the budget baseline
- Adding contingency funding
- Creating an earned value performance report
- Forecasting and recommending next steps
- Determining projects to fund
- Identifying budget policy violations
- Constructing a cash flow
- Leveraging lessons learned

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## Course 923 Outline

### Introduction to Project Budgeting and Estimating

- Preparing realistic budgets
- Burning through a project budget
- What's in it for me: living within your budget

### Aligning Budgets from Small to Large Structuring budgets and defining roles

- Delegating individual budgeting activities
- Connecting project, program and business budgets

### Leveraging the four functions of the budget

- Planning and justifying the project
- Coordinating and communicating between stakeholders
- Monitoring progress
- Evaluating budget performance

### Cost Estimating at the Individual Task Level

#### Activity-Based Costing (ABC)

- Working with the Cost Breakdown Structure (CBS)
- Relating the CBS to the budget based on the organization's standards

#### Categorizing costs

- Determining activity-level direct, indirect and other costs
- Aggregating tasks up to total individual costs

### Project-Level Budgeting

#### Mapping to the project life cycle

- Correlating budget detail to the life cycle stage
- Producing deliverables that facilitate phase-gate decisions

#### Working with estimation tools

- Adjusting an analogous estimate to suit your current project
- Calculating the budget using parametric Cost Estimating Relationships (CERs)
- Increasing confidence levels with three-point estimating

#### Incorporating project-level cost categories

- Accounting for resource commitment levels
- Collecting individual cost estimates

- Adding in overhead and general and administrative costs

### Forming the interim cost baseline

- Determining the Total Project Cost
- Managing the team's estimation process
- Setting the standard of estimation
- Conforming to granularity and accuracy requirements

### Quantifying Risk and Finalizing the Baseline

#### Analyzing quantitative risk

- Assessing probability
- Establishing the monetary value of the impact

#### Allocating a contingency budget

- Prioritizing risks using a Pareto analysis
- Locating and controlling contingency
- Pricing a mitigation plan

#### Declaring and revalidating project value

- Valuating hard and soft savings
- Stating the customer's value proposition for baseline approval

### Allocating Program Funds

#### Managing the program portfolio

- Conducting project inventories
- Prioritizing investments
- Eliminating low-return projects
- Generating the Rough Order of Magnitude (ROM) estimate
- Applying PERT analysis to the entire project
- Managing incoming project estimates

#### Forecasting future values

- Calculating potential results using decision trees
- Making predictions using Net Present Value (NPV)
- Balancing costs and benefits for maximum return on investments

#### Improving the organization's budgeting process

- Applying Kaizen for continuous process improvement
- Impacting the organization's bottom line

#### Defending your project budgets

- Calculating rate of return
- Balancing project and opportunity costs
- Supporting the strategic mission

### Measuring Budget Performance with EVA

- Performing budget-based Earned Value Analysis (EVA)
- Correcting for variance from baseline
- Forecasting budget performance based on actuals
- Determining when to rebaseline