Projects Cost Estimation

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Planning and successfully implementing a project is dependent applying the best cost estimation techniques. However there are features to consider maximizing on its success. These include; Calculating anticipated costs; a budget needs to dwell on precision and not assumptions to makes realistic calculations through anticipation and also making consideration of the potential costs such as labor costs, project equipment and materials costs, project management software costs, travel costs, office supplies and equipments, and administrative costs.

The preparation of cost-estimation is a critical characteristic borrowed from the initial budget that got approximation of potential costs. A budget needs to be flexible due to eventualities along the way to project implementation (Milosevic & Martinelli, 2016). Some of the methods used cost estimation includes;

**Bottom-up**

**The technique employs a comprehensive framework which helps to breakdown the whole structure of a project especially for the ones that we are fully committed to accomplishing.** Using this method the project structure is broken down into tasks with each allocated a specific cost estimation and eventually the tasks estimates are consolidated together to give the highest-level number (Lock, 2017). This technique offers a chance to contemplate on the prerequisites to make the project a reality with sufficient resource allocation. Bottom-up technique has a chance of ascertaining accuracy in cost estimations when compared to the top-down method, and prompts a greater time investment.

**Parametric model estimating**

**This technique tends to fall more on scientific application as it fosters auto-calculation of the project estimates. In addition, it gives a detailed report of data in the context of the previous task activities.** For instance, when data from previous three projects that are similar such as an office installation projects it is easier to get the daily workstation value and then can put the number of units to help to getting the final cost estimation.

The significance of earned value management strategy is critical as it prompts the achievement of enhanced visibility of a project. In project management gaining control of a project prior to implementation facilitates the identification of emerging issues therefore quick response to ensure the project timelines are not affected. Through this communication are enhanced increasing chances for accountability.

References

Lock, D. (2017). *The essentials of project management*. Routledge.

Milosevic, D. Z., & Martinelli, R. J. (2016). *Project management toolbox: tools and techniques for the practicing project manager*. John Wiley & Sons.