
Project Estimation

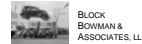


Estimates Needed for Project

- ▶ Tasks
- ▶ Risks

Then: What is Needed to Fulfill Those Tasks

- ▶ People (and their skill sets)
 - Time for each person
- ▶ Time for each task
- ▶ Costs



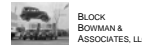
Project Cost Estimates

- ▶ What are the components to the costs?



Cost Components

- ▶ Salaries (percentage of time on project)
- ▶ Hourly
- ▶ Equipment
- ▶ Supplies
- ▶ Space
- ▶ Other Materials



Project Cost Estimates

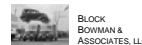
- ▶ Determine costs by month
 - Estimate when large purchases will take place
- ▶ Use Excel Spreadsheet
- ▶ Take PV of cash outflows (use an input cell to vary the discount rate assumptions)
- ▶ $NPV(\text{rate}, \text{value1}, \text{value2}, \dots)$
- ▶ Then once project is going, use a column to record actual vs. projected so you can see how far off you are.



Project Cost Estimates

- ▶ End up with the NPV of the total costs of the project (or just total costs – often don't do PV unless a very long project -- in fact often don't use PV or NPV)

This is an important piece of information and should be highlighted in your proposal



What about the inflow from the project?

- ▶ How estimate inflow?



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What about Income from Project?

Look at Benefits, Tangible and Intangible and start to put \$ on them.

What is the savings or revenue from it?

May need to increase time frame

Add to excel spreadsheet the inflow estimates



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