

# Course Outline

## Project Cost Management Course PM16: 2 days Instructor Led

### About this course

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.

### Audience profile

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.

### At course completion

After completing this course, students will be able to:

- Fluency in cost estimating methods
- Skills and tools allowing the development of a project cost estimate
- Development and management of the Cost Baseline
- Ongoing cost baseline management and control
- The mechanics of Bottom-up Estimating
- The mechanics of Analogous Estimating
- The mechanics of Parametric Estimating and “Cost Estimating Relationships”
- How to read and analyze a project cost estimate
- Life-Cycle Costing - how to estimate the costs of a project over the project life cycle
- Time-Phased Budgeting - how to prepare the budget/cost baseline
- A comprehensive introduction to cost variance analysis and cost control

## Course Outline

### 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

### Introduction to Cost Management processes

- Triple Constraint

# Course Outline

- Project Management Plan
- WBS
- Resource Estimates
- Time-Phased Budget

## Introduction to Cost Management processes

- Triple Constraint

## Plan Cost Management

- Purpose
- Cost Management Plan

## 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

## 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

## Control Costs

- Context
- Monitoring and Controlling the project
- Integrated Change Control
- Purpose of Control Costs
- Calculating variance analysis

## Earned Value Management

- Purpose
- Introduction
- Earned value rules
- Earned value formulas and calculations

## Course Outline

- Earned value graph
- Forecasting
- To Complete Performance Index

### **Project Closure Purpose**

- Lessons learned