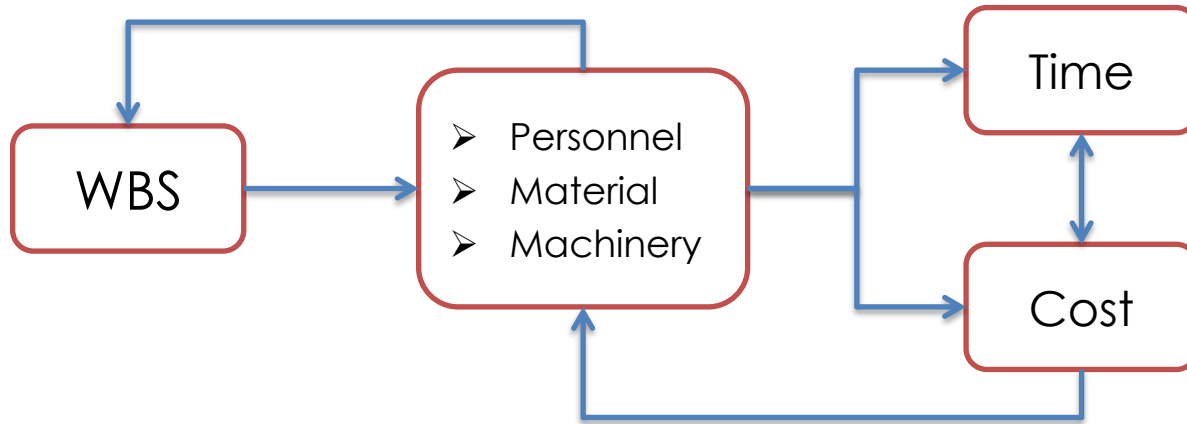


Processes of cost planning & cost controlling / monitoring



Each of the three processes must refer to the following questions

Input data

- What affects the cost planning?

Instruments & methods

- What is available?

Output

- What is intended by the cost plan?

Definition of cost factors

Question:

What is needed to fulfil or to comply with the project deliverables?

Answer:

First of all establish a work breakdown structure (WBS)! Do it as much detailed as partible!
Assess factors that influence! Internal & external.

Factors that influence cost estimate / cost planning / cost control

- ① Clear definition of scope & tasks
- ② Ex-post changes or modifications
- ③ Social environment & factors
- ④ Communication, management, control
- ⑤ Personality / character (pessimist vs optimist)
- ⑥ Contract management
- ⑦ Professional ambitions of the managers

Factors that influence cost planning / budgeting

1. Competition
2. Competition
3. Competition

Each and every project is affected by market conditions

- Cost estimate must meet a bottom line (contract award)
- Cost estimate must be profitable (profit generation)
- Cost estimate must be economically (financing, IRR, interest)
- Cost estimate must be complete (avoid claims)

Factors that influence cost estimate / cost planning / cost control

- ① Clear definition of scope & tasks
- ② Ex-post changes or modifications
- ③ Social environment & factors
- ④ Communication, management, control
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