



## Module 2003 : Project Management Skill Development

### Unit 3.3 : Project Cost Management

Here you learn effective project cost management . This will ensure you to estimate, coordinate and control the cost throughout your project. It will enable your planned project's budget to be on track and be completed according to its planned scope. Without it, an organization can lose money and cost can go above and beyond.

**Plan your project in the most effective ways !**

### 3.3 : Project Cost Management

## The Basics of Project Cost Management

**Why? Important to All**

**Cost Management**

With  Without

- Sets the Baseline for Project Costs.
- Governs the Actions to Keep Budget on Track.

Prevent Going Over-Budget.

**What? Process of Managing Project Costs**

```

    graph LR
      A[Estimating] --> B[Developing Project Budget]
      B --> C[Controlling Spending]
      subgraph "Action Steps"
        B
        C
      end
      B --- D[Project Budget]
      C --- E[Baseline all Costs]
      
```

Company Might lose money → Costs exceed profit.

Customers invoiced incorrectly.

**Tips! How To Improve?**

- Plan for Inflation
- Account for Natural Disasters or Potential Events
- Include Unexpected Costs
  - Legal
  - Penalties
  - Labor Costs
- Track Real-Time
- Respond Promptly
- Size Accordingly scale
  - ↓ Small vs Large

Materials		Fixed	Budget	Actual	Balance
UNITS	\$/UNITS	Misc.			(\$/UNITS)
		600	1590	(990)	
750		200	790	(590)	
730		7100	300	250	50
		100	550	(450)	

**Costs May Change or Share :**

- Telephone Charges
- Office Space
- Office Equipment
- General Administration
- Company Insurance