

**“Project Management Using Earned Value”
Case Study Solution 26.1**



26.1

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**Assessing the
Estimate**

SOLUTION

1. This may be the biggest shortcoming of the estimate. There is no explanation of the scope used to develop this document. Even the cost is not defined well. Although the dollar amounts are obviously in thousands of dollars, that is not indicated anywhere on the report. Are these “as spent” dollars, Year 1 dollars, or some other basis?
2. Again, this is not defined.
3. This for a construction project. It is an acceptable cost breakdown, although material bulk costs are not adequately defined.
4. At the very least, the following information is needed:
 - a. What are the assumptions?
 - b. What unit rates or material quantities were used to develop the construction labor dollars?
 - c. How was the contingency developed?
 - d. Is any escalation included?
 - e. What type of estimate is this?
 - f. Who developed it and reviewed it?
 - g. What drawings or documents were used as the basis for this estimate?
 - h. Was any risk assessment done?
5. At least it will be easy to collect actual costs consistent with the estimate format. Any accounting system or cost engineering system should easily be able to provide this type of information.