

Cost Management

Essential Strategies for Successful Project Delivery

Background and Benefits

Every project has a cost, but the most successful projects are those where the expected and actual costs align and there are no major surprises. Cost management is the process of planning and controlling the schedule and budget of a project. Critical factors in cost management and budget accuracy include timely requirements development, clearly defined scope, and open communication between PBS and our customers.

PBS' Center for Cost, Schedule, and Tools provides national leadership and support to enable teams to excel at project delivery. The Center develops and delivers policy, standards, guidance, support, tools and training in the areas of cost management, schedule management, and project delivery that promote team collaboration and streamlined processes.

These efforts allow PBS project teams to provide consistent and reliable customer service, while delivering projects efficiently and with outcomes that meet customer agency expectations and provide the best value to the American taxpayer.

Building A Reliable Cost Estimate

A reliable cost estimate is at the heart of the cost management process. Estimates will vary from project to project based on scope, location, and other factors, however, there are common elements to developing a reliable estimate:

- A shared agreement of a successful project outcome
- A well-defined scope
- Mutual understanding of expectations and constraints
- Continuous communication and partnership

Cost and Schedule Management Improvement

The Center for Cost, Schedule, and Tools is currently focused on overall improvement in four key areas:

Technology:

The National Cost Management Toolbox (NCMT) provides standard estimating tools for a consistent approach across all GSA regions. The NCMT was:

- Developed specifically to meet GSA and customer agency requirements
- Includes both Parametric Estimating and a Detailed Module
- Provides standardized reporting, markup methodology, and contingency application across project types

Policy:

Rewriting Cost & Schedule Management (P120) policy to better scale to below prospectus and leasing projects.

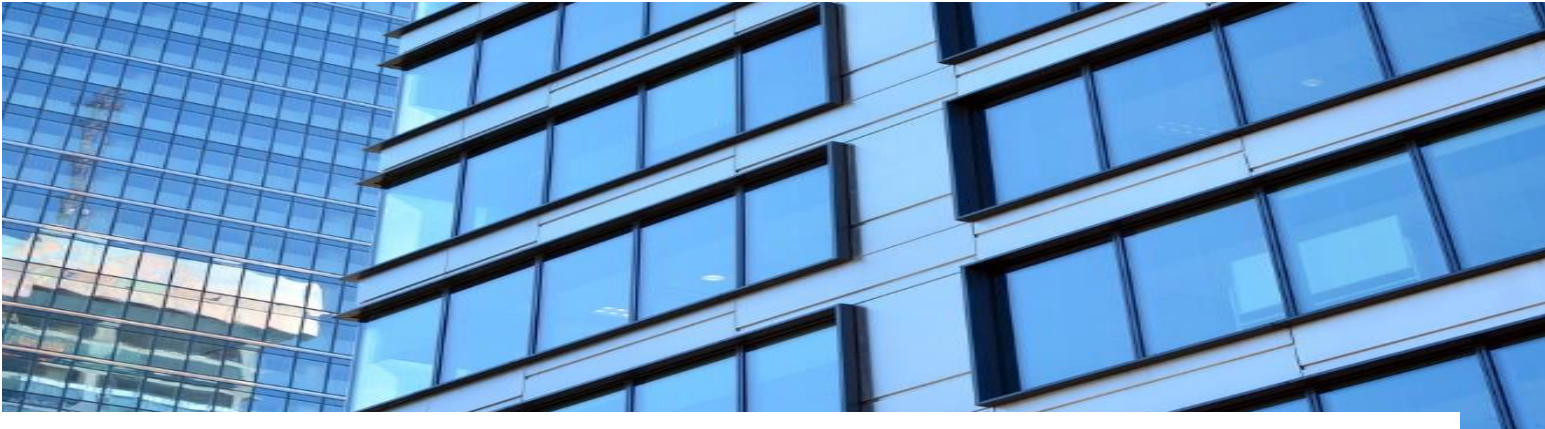
Estimating Resources:

Increasing the number and expertise of our estimators across the country to ensure that our estimates are developed by subject matter experts with specific estimating training.

Training:

The Center provides training to thousands of GSA project team members annually on:

- Estimating and Scheduling Tools
- Cost and Schedule Management Best Practice
- P120 Cost and Schedule Policy



Different Types of Estimates, Different Levels of Accuracy

A cost estimate is an integral part of the interagency agreement document. Each RWA requires one, against which the customer agency obligates funds. The summary cost estimate evolves with each phase of the project life cycle as costs are refined or the scope of work changes. As planning and collaboration continue, the accuracy of these estimates increases.

Estimate Type	Purpose	Information Available	Accuracy
Order of Magnitude	To assist customers with initial budgeting in order to vet work items and properly scope the project.	Very little information may be available at this stage. Requirements may be undefined.	+75%, -40%
Budgetary	To establish a project budget after the scope of work is defined.	Scope of work finalized, blocking plans, existing building conditions verified.	±30%
Conceptual Design	To check the current project costs against initial budget, scope, and design elements.	Design Development drawings, and project documents typically 25-40% complete.	±20%
Construction Estimate	Final detailed requirements, to be used for construction procurement .	100% complete drawings and specifications and all relevant project information.	+10%, -5%
Contractor/Bid Proposal	To award construction contract.	Bids are based on drawings and specifications.	Varies based on contractor and market conditions.
Change Order Cost Evaluation	To verify costs are fair and reasonable and to verify proper TI allocation.	Varies depending on scope of the change.	+10%, -5%

For More Information

To learn more about this topic, contact your agency's regional or national customer lead.