

EXPERT JUDGEMENT

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Determine Budget

Determine Budget is the process of aggregating the estimated costs of individual activities or work packages to establish an authorized cost baseline (PMI, 2013). This budget is derived from estimated costs from the start to completion of the project. It does not include the management reserves. There are five tools and techniques: 1) cost aggregation, 2) reserve analysis, 3) expert judgment, 4) historical relationships, and 5) funding limit reconciliation. The main benefit of this process is to be able to monitor and control the cost baseline which is the final output.

In the global setting, determining the budget shares the similar challenge as estimating costs as it also is dependent on the currency. Some of the tools and techniques are particularly challenged in global setting are expert judgment and historical relationships. Due to the limit of time different, space and language barrier, expertise and historical data are also limited.

When taking over a failing project, the resources at this point are often less than the initial phase of the project and it is challenged to request for a budget. Therefore, it is crucial to analyze the failing project to collect the data. The data of from the initial phase of the project is used to determine the new cost baseline.

The main technique is cost aggregation. Cost aggregation is adding the costs for each work package in accordance with the WBS to the control account up to the project level. Cost aggregation can be determine by time period.

References

Larson, E. & Gray, C. (2014). *Project Management: The Managerial Process* (6th ed.). New York, NY. McGraw Hill Education.

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