Planning Process Group Artifacts

7.2 Estimate Costs

7.2.2 Parametric Estimating (Tools and Techniques)

PMGT 690, ERAU, Prof. Sherman

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7.2.2 Parametric Estimating (Tools and Techniques):

This artifact was taken from PMGT 501, deliverable 3.5. The technique used was the parametric estimating for project cost estimating. The PMBOK states that this technique uses statistical relationship between relevant historical data and other variables to calculate a cost estimate for project work (PMI, 2013).

The house being built is 2,900 sq.ft. The average price/sq.ft = 120; at this rate the estimated cost of the home would be: 2900 X 120 = 348,000.

- a. Estimated cost of the home for the Tolstoy's house by using all of the contractors is \$348,000.
- b. If Mr. Tolstoy wanted to save some money and install the plumbing fixtures, it is estimated that plumbing fixtures are at 4%. So,

 $348,000 \times .04 = 13,923.68 \text{ Mr}$ Tolstoy would save on contracting costs. Cost of the home after the Tolstoy's doing the plumbing would be 348,000 - 13,923 = 334,076.32

Reference List

Project Management Institute. (2013). A Guide to the Project Management Body of Knowledge

(PMBOK Guide, 5th ed) Newton Square, PA: PMI Inc.