

€ TRAINING

Project Cost Estimating Skills: Planning for
Performance Excellence

8 - 19 December 2024
Istanbul (Turkey)





Project Cost Estimating Skills: Planning for Performance Excellence

REF: C639 DATE: 8 - 19 December 2024 Venue: Istanbul (Turkey) - Fee: 8775 Euro

Introduction:

The decision to proceed with a project is often based almost exclusively on early conceptual cost estimates, and these estimates provide the basis for the cash flow projections and budget forecasts used during the project feasibility study. Unreliable cost estimates can result in significant cost overruns later in the project life when it is too late to contain them. As potential projects are considered, management not only requires cost estimates of high accuracy, they seek opportunities to reduce life-cycle costs, improve budget accuracy, and optimize whole-life project value.

The conference also presents the value engineering methodology which emphasizes the return-on-investment aspect of decision-making in terms of lifecycle costs during project planning, procurement, and execution. This methodology can be used to identify alternative ideas/solutions at any project phase to produce the client's best value requirements. Within the project management context, this conference significantly enhances cost estimating, budgeting, creative thinking, problem-solving, and informed decision-making skills.

Conference Objectives:

At the end of this conference the participants will be able to:

- Gain knowledge of techniques used in project estimating, from the conceptual stage to the final detailed estimate
- Understand the different types of contracts based on the distribution of risk between contracting parties
- Apply incentive arrangements to get the best results from the contract
- Present a convincing case in support of certain project alternatives.
- Integrate all relevant project elements into a cohesive and comprehensive cost estimate
- Prepare budget estimates that will enable the owner-organization to make informed decisions as to the feasibility of a potential project
- Obtain the skills required to prepare and manage the bidding process
- Keep accurate control of the progressive budgeting process based on the various stages of design
- Manage the interface between many value-adding project phases and management expectations
- Apply systematic and innovative methodology with a multi-disciplinary approach to achieve better value and cost optimization for projects.

Targeted Audience:

- Project Managers
- Project Cost Estimators
- Cost Controllers
- Project Planners
- Contract Professionals
- Project Procurement Staff
- Anyone Interest in Project Initiation, Project Estimating and Budgeting, and Development

Conference Outlines:

Unit 1: Cost Estimating Basics

- The estimating life cycle
- Phases of the Design Process
 - Programming phase
 - Schematic design
 - Design development
 - Construction documents
- Estimating accuracy by phase
- Conceptual Cost Estimates
- Rough Order of Magnitude Estimates Broad Scope Estimates
- Assemblies cost estimates
- Cost indices
- Semi-detailed Estimates Narrow Scope Estimates
- Definitive Estimates Detailed Scope Estimates
- Basic procedures
- Lump-sum contracts
- Unit-price contracts
- Cost-plus contracts
- Cost-plus contract with the guaranteed maximum price GMP
- Time-and-Materials Contracts
- Bid method
- Negotiated method
- Quantity take-off
- Types of construction contracts
- Procurement methods
- Pre-construction services
- Risk analysis and contingencies

Unit 2: Broad Scope Cost Estimating Techniques:

- Adjustments to Project Cost for Broad Scope Estimates
- PERT Project Cost Analysis
- PERT Unit Cost Estimates
- Formulae for Cost Estimating
- The Normal Distribution Curve
- Z-Value Table
- The Probability of Project Completion within Budget
- Estimating Project Unit Cost by Using the Standard Deviation
- Estimating the Project Unit Cost at a Required Probability
- The Probability of Completing the Project at a Required Cost
- PERT VS Standard Deviation & Z-Values
- Adjustments to Estimates Based on Previous Projects
- Adjustments for Time
- Review: Future Value of Money
- Review: Present Value of Money
- Equivalent Annual Interest Rate
- Index to Adjust for Time
- Equivalent Compound Interest
- Location Index for Construction
- Adjustments for Location
- Adjustments for Size
- Combined Adjustments
- Economic Price Adjustment

- Estimating Durations based on the Learning Curve Effect
- Estimating Costs based on the Learning Curve Effect
- Unit-Cost Adjustments
- Learning Curves

Unit 3: Budget Estimating Process:

- Estimating by the design phase
- Programming budget estimates
- Schematic design budget estimates
- Design development budget estimates
- Estimating pre-construction services
- Request for proposal
- Development of pre-construction services estimate
- Pre-construction services contract
- Budget control log

Unit 4: Bid Contract Estimating Process:

- Pre-estimate activities
 - Estimating process
 - Solicitation of lump-sum bids
 - Order-of-Magnitude estimates
 - Work Breakdown Structure
 - Estimating team
 - Scheduling the estimating work
 - Subcontractors and major suppliers
 - Estimating forms
 - Accuracy and error prevention
- Pricing self-performed work
- Recap sheet
- Materials
- Labour
- Applying pricing factors
- Summary recap
- Subcontractor work
- Project summary schedule
- Alternative techniques
- Elements of the estimate of the general condition
- Final document review
- Completing the bid summary
- Final mark-ups
- Sales tax
- Validating the estimate
- Estimating subcontractor work
- Estimating General Conditions
- Completing the estimate

Unit 5: Unit Price Estimates:

- Unit price bid forms
- Direct cost estimation

- Materials
- Labour
- Indirect labor
- Subcontractors
- Recap summary sheet
- Direct-to-indirect cost factor
- Mark-up determination
- Variation-in-quantity contract provision
- Risk analysis
- Bid finalization

Unit 6: Negotiated Contract Estimating:

- Guaranteed Maximum Price Estimates
 - Contract procurement process
 - Documents
 - Strategies
 - Estimating process
 - Contingencies
- Fee determination for negotiated contracts
- Reimbursable versus Non-reimbursable costs
- Home office overhead
- Risk evaluation
- Fee structure
- Cost savings split
- Strategies for responding to the Request for Proposal
- Documents to be included with the Request for Proposal
- General Contractor interview and selection process
- Negotiated subcontracts
- Cost proposals for negotiated contracts

Unit 7: Contract Types and Compensation Arrangements:

- Risk distribution in contracting
- Project risk profiles
- Contract types according to risk distribution
- Fixed Price Contracts
 - Firm Fixed Price
 - Fixed Price with Economic Adjustment
- Incentive Contracts
- Fixed Price Incentive
- Cost Plus Incentive
- Cost Reimbursement
- Cost Plus Award Fee
- Cost Plus Fixed Fee
- Cost-Plus Contracts
- Time-and-Materials

Unit 8: Narrow Scope Cost Estimating Techniques:

- Power-sizing techniques Capacity Ratios
- Factor estimates

- Cost estimating relationships CER
- Design-to-cost-estimates
- Target cost estimates
- Adjusting for Project Type and Quality Level
- Features Determining the Quality Level Grade of a Structure
- Adjusting for Quality Level by Using a Costing Publication
- Economic Constraints
- Parametric Cost Estimating
- Analysis of Estimating Accuracy

Unit 9: Framework for Applying Value Engineering in Projects:

- What is Value Engineering? Why is it important?
- Defining Value Engineering concepts and principles
- Purpose of Value Engineering and Value Analysis
- Strengths and Weaknesses of Value Engineering
- How and When is Value Engineering applied?
- Project definition and initiation
- Project scope and charter development
- Life-cycle costing techniques
- Project stakeholders analysis and management
- Identifying relationships between Value, Cost, and Worth
- Initiating Value Engineering Process
- Overview of Different Value Engineering Phases
- The Information Phase - steps and procedures
- Developing Value Engineering Job Plan

Unit 10: The Function Analysis Phase - Expressing Project Functional Needs and Constraints:

- The need for Function Analysis in projects
- Defining project constraints - relationships and tradeoffs
- Conceptual project cost estimating techniques
- Function-Cost-Worth Analysis
- Developing FAST Diagrams to identify critical project components
- The Technical FAST Model to perform project value analysis
- Case Study
- Cross-Functional Project Team Approach

Unit 11: The Creative Phase - Inspiring Creativity in Your Project Team:

- Creativity and Creative thinking within the project environment
- Individual VS Group thinking to improve the quality of project decisions
- Creativity techniques as applied to optimize project value
- Blocks to creativity within the project team
- Brainstorm project solutions
- Reaching consensus and leveraging the power of project team collaboration
- Project risk perception and identification
- Project prioritization process using the Delphi technique
- The use of Force-field analysis in project problem solving
- Output of the Creative Phase

Unit 12: The Evaluation Phase -Making Informed Project Decisions:

- Project ideas screening
- Project evaluation methods
- Quantitative evaluation using objective data
- Subjective evaluation - project-related criteria weighting
- Revisiting project life-cycle costing analysis
- Incorporating inflation in project economic analysis
- Performing project risk and scenario analyses
- Risk Life-cycle simulation modeling - best and worst project cost scenarios
- Pitfalls associated with the use of existing economic models
- Incremental benefit-cost analysis for project evaluation
- Effective Decision-making in a project environment
- Output of the Evaluation Phase

Unit 13: The Planning and Reporting Phases -Getting Results through Effective Communication:

- Develop and assess VE proposals to optimize project value
- Develop action plans and assign project roles and responsibilities
- Reporting VE findings to Senior Management and project stakeholders
- Mastering oral presentation techniques & interpersonal skills
- Strategies for project plan execution
- Incorporating VE into the early project phases
- Integrating VE with Continuous Improvement Techniques