PROJECT COST MANAGEMENT
PLAN COST MANAGEMENT

This is the process that establishes the policies, procedures, and documentation for planning, managing, expending, and controlling project costs. The key benefit of this process is that it provides guidance and direction on how the project costs will be managed throughout the project.
# COST PROCESSES

## Processes by process group

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PLAN COST MANAGEMENT

TOOLS & TECHNIQUES
- Expert judgement
- Analytical Technics
- Meetings

INP UTS
- Project Management Plan
- Project Charter
- Enterprise environmental Factor
- Organizational process assets

OUTP UTS
- Cost Management Plan
PLAN COST MANAGEMENT

INPUTS

1. Project Management Plan
The project management plan contains information used to develop the cost management plan, which contains, but is not limited to:
- Scope baseline. The scope baseline includes the project scope statement and WBS detail for cost estimation and management.
- Schedule baseline. The schedule baseline defines when the project costs will be incurred.
- Other information. Other cost-related scheduling, risk, and communications decisions from the project management plan.

2. Project Charter
The project charter provides the summary budget from which the detailed project costs are developed. The project charter also defines the project approval requirements that will influence the management of the project costs.
3. Enterprise Environmental Factors
The enterprise environmental factors that influence the Plan Cost Management Process include, but are not limited to:
• Organizational culture and structure can all influence cost management;
• Market conditions describe what products, services, and results are available in the regional and global market;
• Currency exchange rates for project costs sourced from more than one country;
• Published commercial information such as resource cost rate information is often available from commercial databases that track skills and human resource costs, and provide standard costs for material and equipment. Published seller price lists are another source of information; and
• Project management information system, which provides alternative possibilities for managing cost.
PLAN COST MANAGEMENT

INPUTS

4 Organizational Process Assets
The organizational process assets that influence the Plan Cost Management process include, but are not limited to:
• Financial controls procedures (e.g., time reporting, required expenditure and disbursement reviews, accounting codes, and standard contract provisions);
• Historical information and lessons learned knowledge bases;
• Financial databases; and
• Existing formal and informal cost estimating and budgeting-related policies, procedures, and guidelines.
1. Expert Judgment
Expert judgment, guided by historical information, provides valuable insight about the environment and information from prior similar projects.

2 Analytical Techniques
Developing the cost management plan may involve choosing strategic options to fund the project such as: self-funding, funding with equity, or funding with debt. The cost management plan may also detail ways to finance project resources such as making, purchasing, renting, or leasing. These decisions, like other financial decisions affecting the project, may affect project schedule and/or risks.

Organizational policies and procedures may influence which financial techniques are employed in these decisions. Techniques may include (but are not limited to): payback period, return on investment, internal rate of return, discounted cash flow, and net present value.
PLAN COST MANAGEMENT
TOOLS AND TECHNIQUE

3 Meetings
Project teams may hold planning meetings to develop the cost management plan. Attendees at these meetings may include the project manager, the project sponsor, selected project team members, selected stakeholders, anyone with responsibility for project costs, and others as needed.
1. Cost Management Plan
The cost management plan is a component of the project management plan and describes how the project costs will be planned, structured, and controlled. The cost management processes and their associated tools and techniques are documented in the cost management plan.