

Estimating a Project for Planning Purposes

When a project or collection of projects is in the idea or concept stage, you want to put together a high-level estimate to see if the project is worth pursuing or not. You typically do not want to spend too much time working on a detailed estimate at this point, since you do not know if the idea is worthwhile. Basically, you just want to know the relative magnitude of the effort. While you may be asked to provide a high-level estimate of the cost, the business people are also struggling trying to understand and quantify what the benefits of the project will be.

The most accurate way to estimate a project is usually to build a work breakdown structure and to estimate all of the lowest level individual work components. This is a bottom-up approach. It is also the most time consuming, and is not appropriate for the initial estimating that you do early on in the funding and prioritization process.

Instead, you will want to utilize a top-down approach, trying to gain as much estimating confidence as possible, while also taking as short a timeframe as practical.

The full copy of this document is available for licensed users of TenStep. This two-page white paper contains the following sections.

Previous History

Partial Work Breakdown Structure (WBS)

Analogy

Ratio

Expert Opinion

Parametric Modeling

Estimate in Phases

Summary