**Activity Cost Estimates Template**

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**Activity Cost Estimates**

**Company Name**

**Street Address**

**City, State Zip Code**

**Date**

Activity Cost Estimates are a valuable project management tool for determining the costs for a project. Much like how a project’s work is broken down into activities and work packages, the activity cost estimate breaks the project’s costs down to the activity level in order to improve the reliability and accuracy of the estimate.

The activity cost estimate considers each project activity and the costs associated with completing the activity. These costs include direct costs for project resources, indirect costs which may be passed on to the project, and the amount held in contingency reserve for the activity. A given activity may have many resources allocated to it which all must be accounted for as part of the estimate for that activity.

One characteristic of the activity cost estimate is documenting how the estimate was determined. This is usually done by either analogous or parametric estimating. Analogous estimating is done using similar past projects or activities to estimate cost. Parametric estimating is done by determining and using a unit cost calculated over a duration or quantity of units. Parametric estimating is usually more accurate and should result in a higher confidence level.

Another characteristic of the activity cost estimate is that it often uses a range for the activity’s cost estimate as well as a confidence level. At different stages of project planning some activities may be more well-defined which may result in a much higher confidence level than that of an activity with more unknowns. It is important to note that like most project management documentation, the activity cost estimate should continue to be revised and improved throughout the project’s lifecycle.

In general, the more information and detail that is available for an activity, the more accurate the activity cost estimate will be. Once activity cost estimates are completed for all of a project’s activities, these can then be used to develop the overall project cost estimate.

**Standard Activity Cost Estimates Template:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Activity Cost Estimates** | | | | | | | | | | |
| **Project:** | | | | | | | | **Date:** | | |
| **WBS No.** | **Resource** | **Direct Costs** | **Indirect Costs** | **Reserve** | **Estimate** | **Method** | **Assumptions/ Constraints** | **Additional Information** | **Range** | **Confidence Level** |
| This should be the WBS number from the Work Breakdown Structure | Type of resource (labor, material, equipment, service, etc.) | Costs directly related to project work (staff salaries, supplies, training, etc.) | Costs not directly attributable to the project (utilities, rent, security, etc.) | Amount of funding held in reserves for contingencies | Estimated cost | Method used such as parametric, analogous, etc. | Any assumptions used in developing the estimate such as labor cost per hour | Information on cost of quality, interest rate, or other | Range of estimate | The degree of confidence in the estimate based on available information |

**Example with Sample Data:**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Activity Cost Estimates** | | | | | | | | | | | |
| **Project:** Flex Pay Database | | | | | | | | | **Date:** 03/01/20xx | | |
| **WBS No.** | **Resource** | **Direct Costs** | **Indirect Costs** | **Reserve** | **Estimate** | **Method** | **Assumptions/ Constraints** | **Additional Information** | | **Range** | **Confidence Level** |
| 3.1.1 | Jr. Programmer for 40 hours | 40 hrs @ $20.75 = $1,030 | $0 | $20.75 | $1,050.75 | Parametric | Must obtain functional manager approval to assign Jr. Programmer | N/A | | $1020 - $1075 | 8 |
| 3.1.1 | Network Specialist for 10 hours | 10 hrs @ $26.90 = $269 | $0 | $53.80 | $322.80 | Parametric | Must obtain functional manager approval to assign Network Specialist | N/A | | $300 - $350 | 7 |
| 3.1.1 | Lease Network Test Equipment |  | 12 hrs @ $42 = $504 | $0 | $504 | Parametric | Assume test equipment will be available | Lease from Test Supply Corp. | | $500 - $510 | 9 |

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