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PMG 506 Advanced Project Management

LECTURE 9

Budgeting, Estimating times and costs

DISCUSSION

Q & A

The duration of the activity is affected by all of the following EXCEPT:

- A. The estimated activity resource requirements
- B. The types of resources assigned to the activity
- C. The availability of the resources assigned to the activity.
- D. Using the precedence diagramming method (PDM) for scheduling activities instead of using the critical path method (CPM).

Answer: **D**

Q & A

Three-point estimating uses:

- A. An optimistic, pessimistic, and most likely estimate to calculate the estimate.
- B. The average of optimistic, pessimistic, and most likely estimates to calculate the expected duration of the activity.
- C. Dummy activities to represent logic links among three or more activities.
- D. Free float instead of total float in the schedule calculations.

Answer: **A**



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- $(1 \text{ OPTIMISTIC} + 1 \text{ PESSIMISTIC} + 4 \text{ MOST LIKELY})/6$

Q & A

Analogous duration estimating is:

- A. Frequently used to estimate project duration when there is a limited amount of detailed information about the project.
- B. A bottom-up estimating technique.
- C. Based on multiple duration estimating.
- D. Generally more accurate than other duration estimating methods when expert judgment is used .

Answer: **A**

Q & A

Consider the following three estimates for the duration of an activity:

Optimistic (t_O) = 4 weeks, Most likely (t_M) = 5 weeks, Pessimistic (t_P) = 9 weeks . Using the beta distribution and the three- point estimating approach, the calculated Expected activity duration (t_E) is:

A. 4.0 weeks.

B. 4.5 weeks.

C. 5.5 weeks.

D. 6.5 weeks.

Answer: **C**

Q & A

Parametric estimating involves:

- A. Defining cost or duration parameters of the project life cycle.
- B. Calculating individual cost estimates for each work package and integrating them to obtain the total cost of the project.
- C. Using a statistical relationship between relevant historical data and other variables to calculate a cost estimate for project work.
- D. Using the actual cost of a previous similar project to estimate the cost of the current project.

Answer: **C**

Q & A

Analogous cost estimating:

- A. Integrates bottom-up estimating techniques with relevant statistical relationships to estimate the cost of the current project.
- B. Relies on the actual cost of previous, similar projects as the basis for estimating the cost of the current project.
- C. Is used most frequently in the later phases of a project.
- D. Summarizes estimates for individual work packages to estimate the cost of the current project.

Answer: **B**

Q & A

- A dependency requiring that design be completed before manufacturing can start is an example of a)n):
 - A. Discretionary dependency
 - B. External dependency
 - C. Mandatory dependency
 - D. Scope dependency

Answer: **C**

Q & A

- **What is the duration of a milestone?**
 - A. It is shorter than the duration of the longest activity.
 - B. It is shorter than the activity it represents.
 - C. It has no duration.
 - D. It is the same length as the activity it represents

Answer: **C**

Q & A

Analogous estimating:

- A. Uses bottom-up estimating techniques
- B. Is used most frequently during project executing.
- C. Uses top-down estimating techniques
- D. Calculates estimates using actual detailed historical costs.

Answer: **C**

Q & A

Which of the following is NOT needed in order to come up with a project estimate?

- A. WBS
- B. A network diagram
- C. Risks
- D. Change requests

Answer: **D**

Q & A

The cost contingency reserve should

- A. Hidden to prevent management from disallowing the reserve
- B. Added to each activity to provide the customer with a shorter critical path
- C. Maintained by management to cover cost overruns
- D. Added to the costs of the project to account for risks.

Answer: **D**

Q & A

You are having difficulty estimating the cost of a project. Which of the following **BEST** describes the most probable cause of your difficulty?

- A. Inadequate scope definition
- B. Unavailability of desired resources
- C. Lack of historical records from previous projects
- D. Lack of company processes.

Answer: **A**