Cost Estimate

Designing an Electronic Performance Support System (EPSS)

for

WidgetMart

2345 London Avenue

London, NJ 00001

April 5, 2013

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| WidgetMart EPSS Cost Estimate |

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| **WBS No.** | **Activity Name** | **Work Effort/ Total Resource Hours** | **Resource Name****Resource Rate per hour****Resource Hours****Resource Total Rate** | **Activity Estimate**  | **Indirect Cost @ 50% of activity** | **Travel Cost** | **Reserve @ 20% of activity** | **Total Estimate** |
| 1.1 | Initiation - EPSS | 144  | Davey @ $55: 67.2 hours = $3696Ellen @ $49: 19.2 hours = $940.80Barry @ $ 45: 19.2 hours = $864Tim @ $47: 19.2 hours = $902.40Josie @ $47: 19.2 hours = $902.40 | $7,305.60  | $3,652.80 | 0 | $1,416.12 | $10,913.40 |
| 1.2 | Develop Project Plan | 184  | Davey @ $55: 120 hours = $6,600Ellen @ $49: 16 hours = $784Barry @ $ 45: 16 hours = 720Tim @ $47: 16 hours = 752Josie @ $47: 16 hours = $752 | $9,608  | $4,804 | 0 | $1,921.60 | $16,334 |
| 1.3.1 | Contractor Procurement | 40  | Davey @ $55: 40 hours = $2,200 | $2,200 | $1,100 | 0 | $440 | $3,740 |
| 1.3.2 | Project Team Kick-Off Meeting | 64  | Davey @ $55: 8 hours = $440Ellen @ $49: 8 hours = $392Barry @ $ 45: 8 hours = $360Tim @ $47: 8 hours = $376Josie @ $47: 8 hours = $376Developer 1 @ $35: 8 hours = $280 Developer 2 @ $35: 8 hours = $280ID Consultant @ $50: 8 hours = $400  | $2,904 | $1,452 | 0 | $580.80 | $4,937 |

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| 1.3.3 | User Requirements | 120  | Davey @ $55: 40 hours = $2,200Ellen @ $49: 80 hours = $3,920 | $6,120 | $3,060 | 0 | $918 | $10,098 |
| 1.3.4 | Data Clean-Up | 160  | Tim @ $47: 80 hours = $3,760Josie @ $47: 80 hours = $3,760 | $7,520 | $3,760 | 0 | $1,224 | $12,504 |
| 1.3.5 | EPSS Phase 1 Design | 472  | Ellen @ $49: 64 hours = $3,136Barry @ $ 45: 64 hours = $2,880Josie @ $47: 80 hours = $3,760Developer 1 @ $35: 104 hours = $3,640Developer 2 @ $35: 104 hours = $3,640 ID Consultant @ $50: 56 hours = $2,800 | $19,856 | $9,928 | $12,000 | $3,971.20 | $45,755 |
| 1.3.6 | EPSS Phase 2 Design | 416  | Developer 1 @ $35: 108 hours = $3,780Developer 2 @ $35: 108 hours = $3,780 Josie @ $47: 48 hours = $2,256Tim @ $47: 32 hours = $1,504ID Consultant @ $50: 80 hours = $4,000 Barry @ $45: 40 hours = $1,800 | $17,120 | $8,560 | $12,000 | $3,424 | $41,104 |

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| 1.3.7 | EPSS Phase 3 Design | 400  | Developer 1 @ $35: 100 hours = $3,500Developer 2 @ $35: 100 hours = $3,500 Ellen @ $49: 64 hours = $3,136Josie @ $47: 40 hours = $1,880Tim @ $47: 40 hours = $1,880ID Consultant @ $50: 56 hours = $2,800  | $16,696 | $8,348 | $12,000 | $3,339.20 | $40,383 |
| 1.3.8 | EPSS Phase 4 Design | 400  | Developer 1 @ $35: 100 hours = $3,500Developer 2 @ $35: 100 hours = $3,500Barry @ $45: 56 hours = $2,520Josie @ $47: 64 hours = $3,008ID Consultant @ $50: 80 hours = $4,000 | $16,528 | $8,264 | $12,000 | $3,305.60 | $40,098 |
| 1.3.9 | EPSS Phase 5 Design | 384  | Developer 1 @ $35: 92 hours = $3,220 Developer 2 @ $35: 92 hours = $3,220Ellen @ $49: 48 hours = $2,352Tim @ $47: 32 hours = $1,504Josie @ $47: 40 hours = $1,880 ID Consultant @ $50: 80 hours = $4,000 | $16,176 | $8,088 | $12,000 | $3,235.20 | $39,499 |

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| 1.4 | Project Management activities | 1204.8 | Davey @ $55: 1,204.8 hours = $60,240 | $60,240 | $30,120 | 0 | $12,048 | $102,408 |
| 1.5 | Project Closeout | 120  | Davey @ $55: 64 hours = $3,520Ellen @ $49: 8 hours = $392Barry @ $ 45: 8 hours = $360Tim @ $47: 8 hours = $376Josie @ $47: 8 hours = $376Developer 1 @ $35: 8 hours = $280Developer 2 @ $35: 8 hours = $280ID Consultant @ $50: 8 hours = $400 | $5,984 | $2,992 | 0 | $1,196.80 | $10,173 |
| **1.5.6** | **WidgetMart EPSS Completed – Total Cost Estimate** | **$188,257.60** | **$94,128.5** | **$60,000** | **$37,020.52** | **$379,407.40** |

Rationale Statement

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**Case # 25 – Designing an Electronic Performance Support System for WidgetMart**

**(Ertmer & Quinn, 2007)**

The cost estimate for EPSS is developed using the bottom-up budgeting approach discussed in (Portny, Mantel, Meredith, Shafer, Sutton, & Kramer, 2008). For this document’s reporting purposes, activities at the work package level, “the lowest level in the WBS” (PMBOK Guide, 2008, p.118) have been individually cost estimated and *aggregated* to their next, logical higher-level activities. The cost estimate for each work package, is documented (and available) by team members responsible for the respective activities.

**Assumptions**

* The hourly labor rates are “slightly” based on the 2010 Bureau of Labor Statistics salary data for the respective skills/professions: developer, training development manager, project manager, HR consultant, Marketing consultant, and instructional design consultant.
* Team members Ellen, Josie, Barry, and Tim will be cross-trained to perform instructional design and delivery activities. Additionally, since the team members do not have formal instructional design experience, an Instructional Design Consultant will be hired (as a contractor) for the project.
* The cost has taken into consideration, learning curve, vacation, sick days, travel time, and other non-projected related time.
* The CEO’s time is not included in the cost estimation although he is expected to participate in meetings and project approval activities as needed.
* Travel cost is estimated to be $60,000 allocated $12,000 per phase, per 3 people travelling, at $4,000 each. Travel cost includes airfare, lodging, meals, and other expenses. The cost however will vary depending on price of airfare at the time of travel.
* WidgetMart has a 50 percent indirect cost allocated per activity. This cost includes training materials, administrative costs, overhead costs, any equipment required for the project, and other expenses such as conference room set up.
* This estimate will be adjusted throughout the project as needed.

**References**

PMBOK Guide (2008). A Guide to the Project Management Body of

Knowledge (PMBOK® Guide). (p. 118). 4th ed. Newton Square, PA: Project Management Institute, Inc.

Portny, S. E., Mantel, S. J., Meredith, J. R., Shafer, S. M., Sutton, M. M., & Kramer, B.

E. (2008). (ch. 5). *Project Management: Planning, scheduling, and controlling projects*. Hoboken, NJ: John Wiley & Sons, Inc.