

DEVELOP A PROJECT BUDGET: Case Study

Scenario

As project manager for Office Green, your job includes working with the operations team to develop and implement an Operations and Training plan for the Plant Pals service. In addition to identifying the major milestones and associated tasks for this plan, you also need to estimate the costs and create a budget.

You will use this budget as a baseline throughout the project, but you should monitor spending throughout the project and make adjustments as needed.

The estimated costs of the milestones and their subtasks are as follows:

Milestone 1: Establish a plant delivery and logistics plan.

- *Task 1:* Purchase delivery trucks. Purchase two delivery trucks at a cost of \$15,000 per truck.
- *Task 2:* Source packaging materials. Purchase 1,500 boxes at a cost of \$2 per box.
- *Task 3:* Pay delivery drivers. Pay two delivery drivers for ten days (assume eight-hour work days) at a rate of \$15 per hour.

Milestone 2: Select and install supply chain management software and equipment.

- *Task 1:* Source vendor (includes setup, installation, and deployment of software and equipment systems): Fixed cost of \$15,000.

Milestone 3: Develop and launch an employee training program.

- *Task 1:* Develop training sessions. Pay the HR specialist \$50 per hour for ten days (assume eight-hour workdays).
- *Task 2:* Train employees to use the software and equipment. Pay the Training Manager \$25 per hour for ten days (assume eight-hour workdays).
- *Task 3:* Monitor employee progress and improve training processes. Pay the Training Manager \$25 per hour for another ten days (assume eight-hour workdays).

Your estimated budget to reach these milestones is \$62,000. This amount includes a reserve buffer of \$3,600 to account for unexpected costs. You should generally allow for a buffer of at least 5%.

Budget: Project Plant Pals Operations & Training

							TARGET BUDGET	ACTUAL/FINAL SPEND	UNDER/ OVER
							\$ 62 000,00	\$ -	\$ 62 000,00
							BUDGET	ACTUAL	UNDER/OVER
MILESTONES & TASKS	EMPLOYEE	HOURS	RATE	UNITS	\$/UNIT(S)				
Milestone 1: Establish a plant delivery and logistics plan									
Task 1: Purchase delivery trucks	--			2	15000		\$ 30 000,00		\$ (30 000,00)
Task 2: Source packaging materials	--			1500	2		\$ 3 000,00		\$ (3 000,00)
Task 3: Pay delivery drivers	Delivery Drivers (2)	160	\$ 15,00				\$ 2 400,00		\$ (2 400,00)
Total							\$ 35 400,00	\$ -	
Milestone 2: Select and install supply chain management software and equipment									
Task 1: Source vendor (includes set up, installation, and deployment of systems)	--				\$ 15 000,00		\$ 15 000,00		\$ (15 000,00)
Total							\$ 15 000,00	\$ -	
Milestone 3: Develop and launch an employee training program									
Task 1: Develop training sessions	HR Specialist	80	\$ 50,00				\$ 4 000,00		\$ (4 000,00)
Task 2: Train employees to use the software and equipment	Training Manager	80	\$ 25,00				\$ 2 000,00		\$ (2 000,00)
Task 3: Monitor employee progress and improve training processes	Training Manager	80	\$ 25,00				\$ 2 000,00		\$ (2 000,00)
Total							\$ 8 000,00	\$ -	
Reserve buffer							\$ 3 600,00		
TOTAL							\$ 62 000,00	\$ -	