



Cost Estimating as a Profession

**Arthur Griffiths, Managing Consultant
Chairman, SCAF**

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- Introduction
- What is Cost Estimating?
- The Cost Estimating Discipline
- The Changing Role of the Cost Estimator
- Training and Education

- Seeking out any profession is a difficult task – Glamorous Dreams.
- Few people would choose cost estimating and analysis.
- Take a survey – few people know what cost estimators do.
- When they learn what we do and why, people are surprised.

Is cost estimating really that impressive, or are people just amazed to learn that someone could actually determine what the cost of an item will be before it's produced.

- We all do cost estimating in some form (e.g. Window shopping, etc.).
- We use instinct to provide judgement (e.g. Too expensive, etc.).

But, instead of using only instinct the estimator has tools, models and techniques to perform each estimate.

What is Cost Estimating ?



- Estimating is an act of judgement on cost, quantity or extent of an item.
- Most people believe estimating is an art not a science (it's a little of both, because we use scientific or engineering methods).
- By asking “What will it cost me?” the estimator may base it's worth on historical values or standards – then adjust the value on judgement (the true art of estimating).
- In an appraisal, accuracy is more important than precision.
- The entire process is a measure of skill and adequacy of the information.
- The best part of cost estimating is the variety of needs that can be satisfied by one estimate – it is therefore important that the estimator understands what the estimate will be used for.

- The purpose of cost estimating is to help an organisation maximise its resources, become more competitive and achieve higher profits.
- The price at which a company sells a product is obviously one of its most important concerns. The estimator must pursue an objective approach and not introduce any bias or prejudice – get it wrong and it will jeopardise the financial outlook of the business.
- To achieve this objectivity cost estimators collect, analyse and evaluate cost and technical data that reflect the company's capabilities.
- As a result, the estimating discipline encompasses multiple roles from engineering to accounting.

- Industry finds it difficult to keep up with rapid changes in technology – the same is true for cost estimators.
- To meet the challenge we must be able to adapt.
- We now apply more sophisticated methodologies than those traditionally used.
- Estimating is one of the most challenging of all professions because the environment is constantly changing.
- We can never sit back past accomplishments – look forward to challenges of improving techniques and tools that can be applied.
- Estimators must continually strive to improve their quantitative skills.
- But, we need to ensure that any new technique is practical, productive and can be applied using sound judgment.

- Cost estimating is rarely taught as a profession, instead we learn engineering, accounting, statistics, management, etc. – all useful.
- In more recent years the need for cost analysts has grown sufficiently to place a demand on Universities and Colleges.
- Some Universities offers dedicated cost estimating courses, others offer cost analysis as part of a wider package.
- In addition, training can be gained through seminars like this or more formally through certification programmes offered by ISPA and SCEA.
- Unfortunately, these are US focussed and currently have no recognition in the UK.
- There are a few UK associations and societies that exist to promote the profession – SCAF and ACostE (NVQ based assessment).

Arthur Griffiths
Managing Consultant
Decision Analysis Services Ltd
Lutyens Close
Chineham Court
Basingstoke
Hampshire
RG24 8AG

Tel: 01256 338383
Mob: 07792 911279
Email: arthurgriffiths@das-ltd.co.uk