

What Price Your Project?

Don't let escalation destroy your profit

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Escalation, how well do we know it?

- CPI: how it has varied...

- But what is being measured here?

Is CPI a good indicator for escalation?

Here are how some CPI components have varied

Escalation, how well do we know it?

- Materials :
- Iron & Steel (in everything)
- Copper (plumbing & electrical)
- Aluminium (structural, roofing)
- Zinc (for coatings)
- Labour:

Escalation how it has been.

We need to reengage with techniques to manage escalation... Or suffer.

- Know your history so our estimates are well based on current costs
- Forecast the risks based on... everything and share the pain with clients or add the risk
- Escalation formulas of the form $P2 = P1(10\% + 30\%L2/L1 + 60\%M2/M1)$
- Also FOREX variance for overseas components (and overseas escalation... beyond this paper)

How do we find, get & analyse the data

- The Australian Bureau of Statistics
ABS site: <http://www.abs.gov.au/>
This site covers most things except...
- For FOREX & financial issues (cost of money)
we go the Reserve Bank of Australia site:
<http://www.rba.gov.au/>
- And its all for free.
- And you end up with masses of data... But
how to make sense of it all....

Some Excel techniques for analysis

- VLOOKUP & HLOOKUP... Very powerful
functions for data analysis
- Also text manipulation for clarity of result

And Finally

- This is just a window into what is possible.
there is lot's more to discover and use to
defend & understand your Project costing
- If you haven't transitioned to excel 2007, you
should... Excel 2007 is a quantum change in
ease of use and far more intuitive and easy to
use once you get over it being so different.