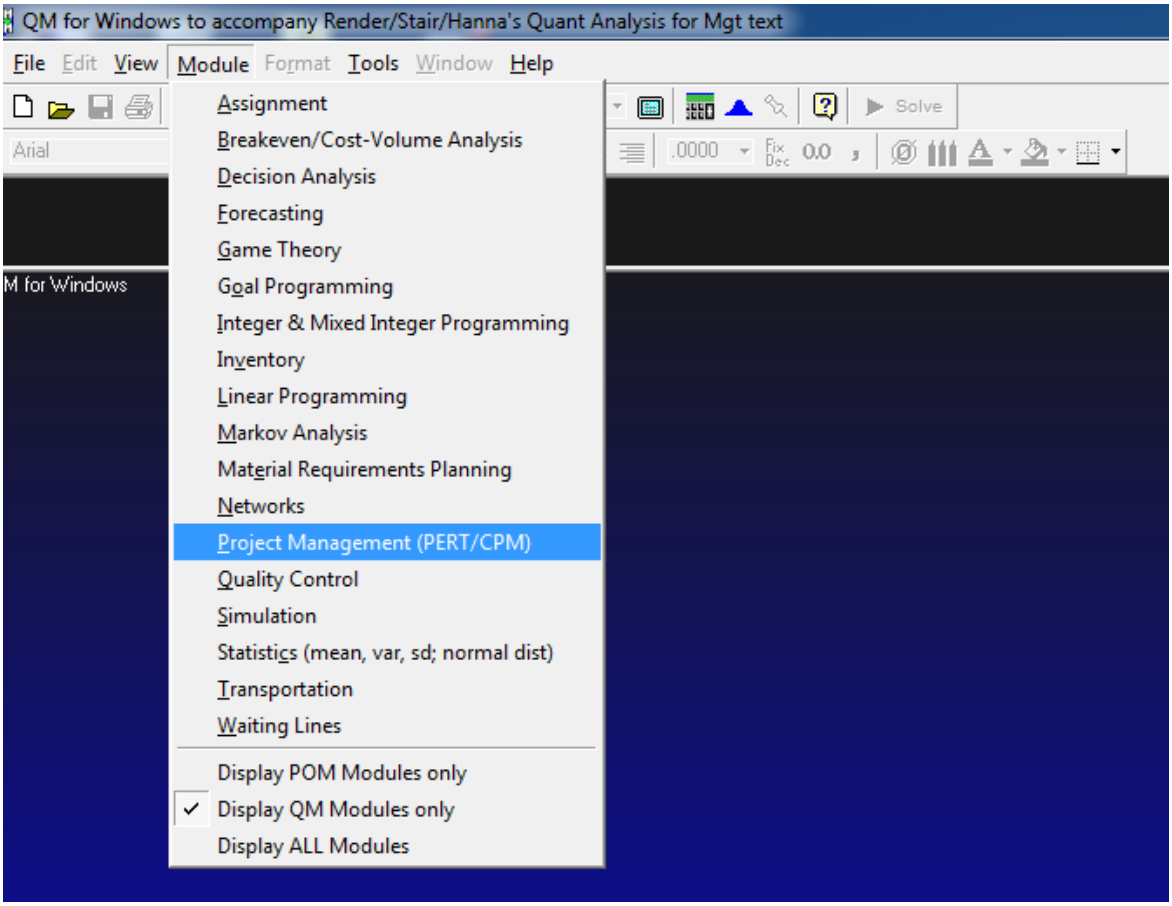
Project Budgeting Using QM

In this tutorial, we will cover project budgeting using POM QM.

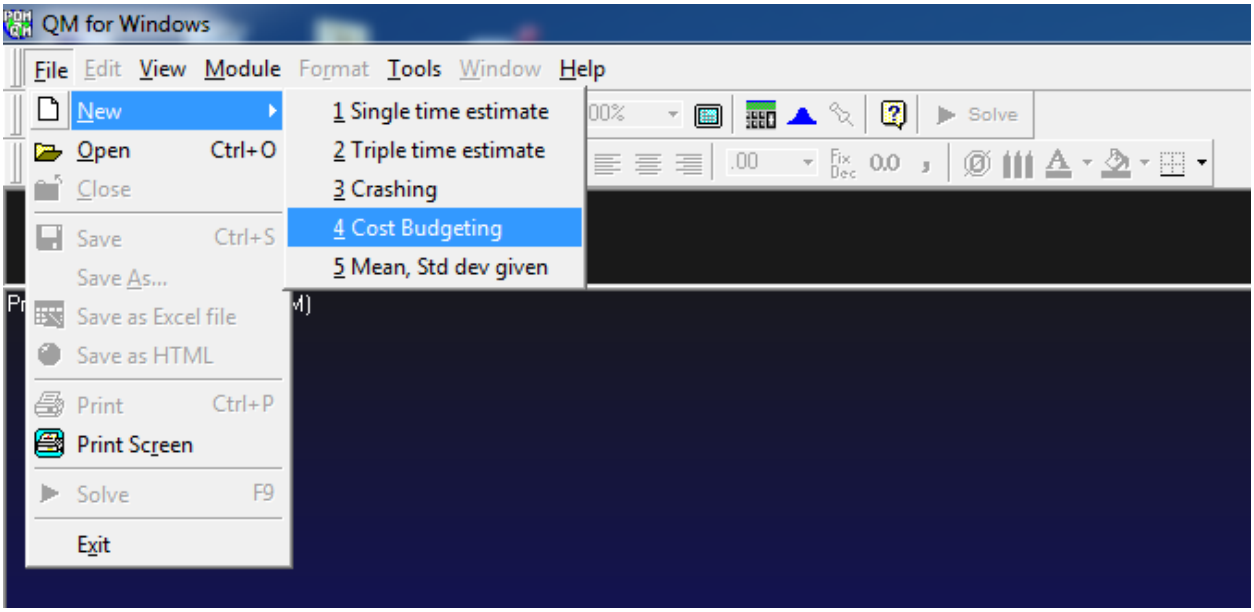
Fred Ridgeway has been given the responsibility of managing a training and development program. He knows the immediate predecessors, time to complete each activity, and the cost for each activity. The information is given in the table below:

Activity	Predecessor	Time	Total Cost ($)
A	-	8	8000
B	-	4	12000
C	A	3	6000
D	B	5	15000
E	C,D	3	9000
F	C,D	5	10000
G	F	3	6000

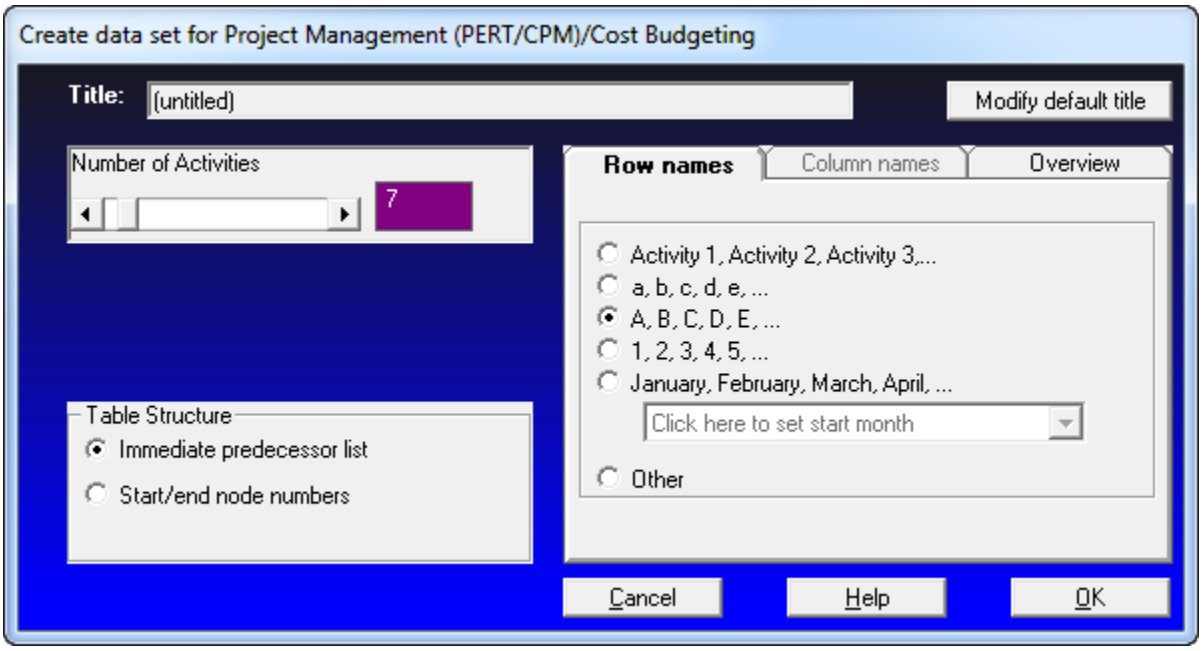
To calculate his monthly budget, open POM QM for Windows, select **Project Management (PERT/CPM)**.



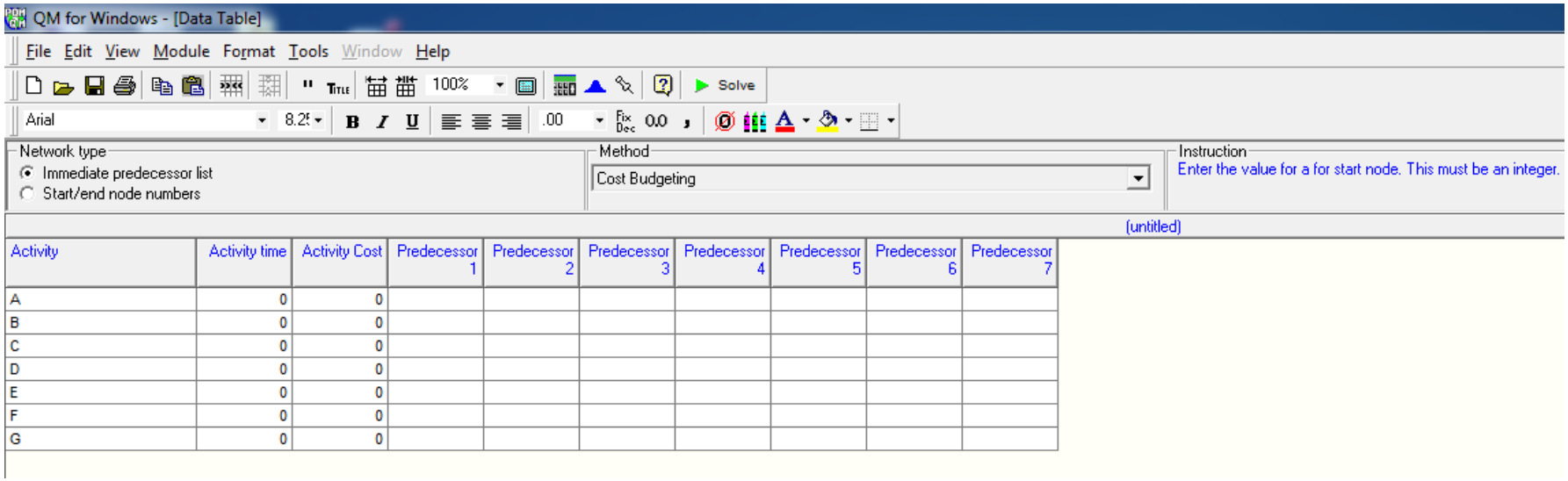
Then from the **File** menu, select **New → 4 Cost Budgeting**.



A **Create data set for Project management (PERT/CPM)/Cost Budgeting** window will appear. Enter 7 for the **Number of Activities**, and be sure immediate predecessor list is checked. Also, leave A, B, C, D, E, … selected for **Row names**. This is the default setting.

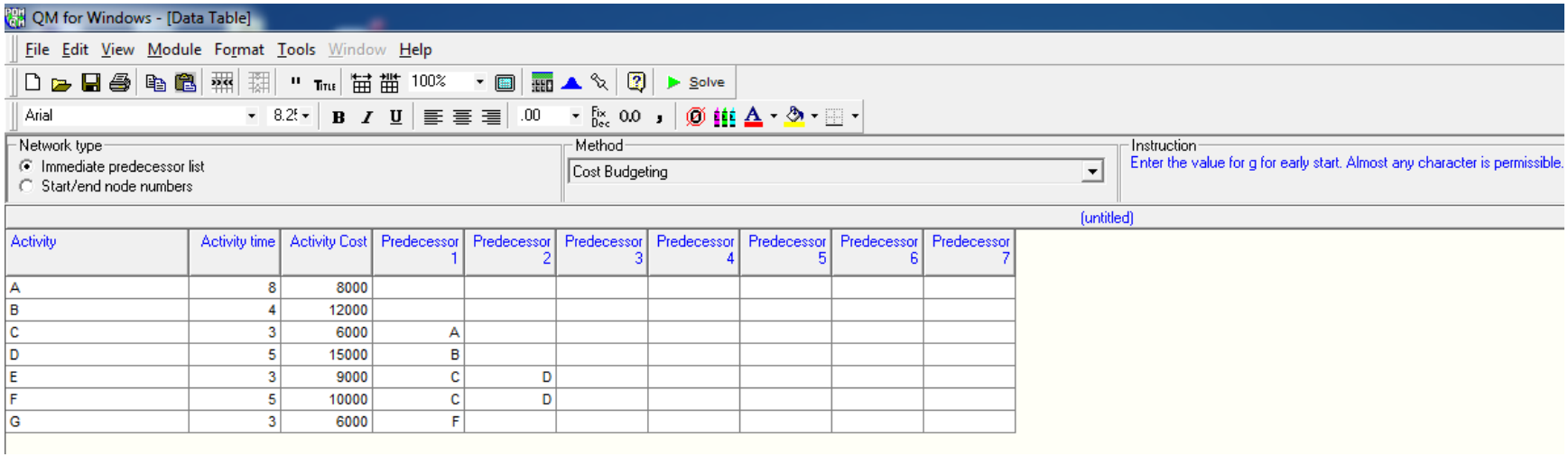


Click **OK**. A table will display.



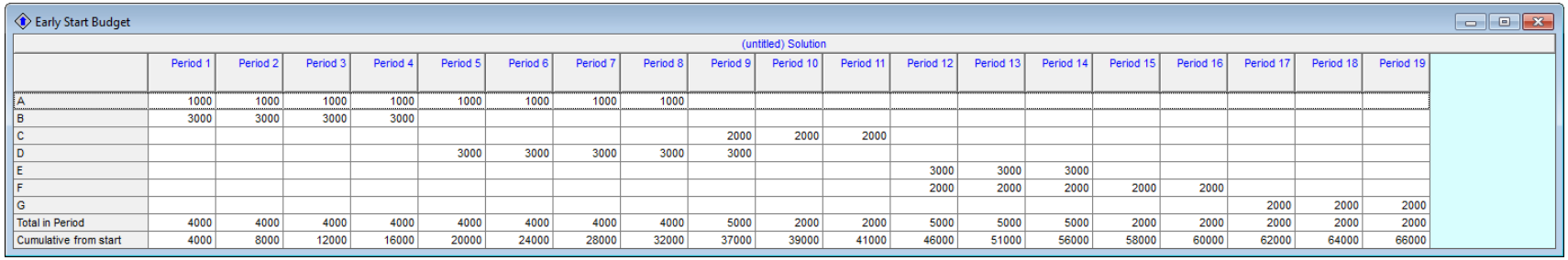
Activity	Activity time	Activity Cost	Predecessor 1	Predecessor 2	Predecessor 3	Predecessor 4	Predecessor 5	Predecessor 6	Predecessor 7
A	0	0							
B	0	0							
C	0	0							
D	0	0							
E	0	0							
F	0	0							
G	0	0							

Now enter the information from the table at the beginning of this tutorial and be sure that you only enter one predecessor in each column.



Activity	Activity time	Activity Cost	Predecessor 1	Predecessor 2	Predecessor 3	Predecessor 4	Predecessor 5	Predecessor 6	Predecessor 7
A	8	8000							
B	4	12000							
C	3	6000	A						
D	5	15000	B						
E	3	9000	C	D					
F	5	10000	C	D					
G	3	6000	F						

After you have correctly entered the data, click **Solve**. Then from the **Window** dropdown menu, select **2 Early Start Budget**. The results are given below for each of the 19 periods in the project.


Early Start Budget

(untitled) Solution

	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	Period 14	Period 15	Period 16	Period 17	Period 18	Period 19
A	1000	1000	1000	1000	1000	1000	1000	1000											
B	3000	3000	3000	3000															
C									2000	2000	2000								
D					3000	3000	3000	3000	3000										
E												3000	3000	3000					
F												2000	2000	2000	2000	2000			
G																	2000	2000	2000
Total in Period	4000	4000	4000	4000	4000	4000	4000	4000	5000	2000	2000	5000	5000	5000	2000	2000	2000	2000	2000
Cumulative from start	4000	8000	12000	16000	20000	24000	28000	32000	37000	39000	41000	46000	51000	56000	58000	60000	62000	64000	66000

Here are the results in a regular table for easier viewing (amounts shown are in the thousands).

	WEEK																		
ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
A	1	1	1	1	1	1	1	1											
B	3	3	3	3															
C									2	2	2								
D					3	3	3	3	3										
E												3	3	3					
F												2	2	2	2	2			
G																	2	2	2
Total in Period	4	4	4	4	4	4	4	4	5	2	2	5	5	5	2	2	2	2	2
Cumulative from start	4	8	12	16	20	24	28	32	37	39	41	46	51	56	58	60	62	64	66

This concludes the tutorial on project budgeting using POM QM for Windows.