Clarion Review

Business & Economics

Introduction to Cost Estimation

Frank Feely
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Four Stars (out of Five)

Cost estimation is useful and necessary in virtually every business. It's especially important to businesses that deal with large, complex projects. Without a methodology in place to accurately estimate the costs of a project, it is impossible to budget for a project or manage costs as the project unfolds.

Frank Feely and Subhendu Moulik, whose experience is primarily in the oil and gas industries, recognize the importance of cost estimation, and they have tailored their book not to professional estimators but to people in business who need to have a basic understanding of cost estimation. *Introduction to Cost Estimation* is a broad overview of the practice of estimating costs, nothing more and nothing less.

Feely and Moulik begin the book with a look at the meaning and types of cost estimation. Next, they cover the components of a cost estimate, methods of cost estimation, project risk, examples of cost estimation, how to make estimation rules-of-thumb from practical examples, and engineering man-hour estimation rules-of-thumb. Included in the book are a reference section and two appendices: "Examples of Indirect Cost Items" and "Estimate Flow Diagrams."

The content is clearly written and concise, almost to a fault. In fact, some readers may find that the topic has been overly simplified and may view the lack of detail as a deficiency. But the authors obviously intend to keep the discussion of cost estimation at a high level.

In addition to comprehensible writing, the authors deserve credit for the design of the book. It is very easy to read and graphically superior to most business books. Each chapter is color-coded; subheads within each chapter appear in the associated color. Full-color photographs enliven the text. Accompanying charts and diagrams are exceptionally well

designed for maximum readability. The printing is of excellent quality. Clearly, much attention has been paid to presenting information in a pleasing, attractive, and professional format.

Some readers may find *Introduction to Cost Estimation* too skewed toward the energy industry. This is a valid criticism, but such an approach is typical of a book that addresses a topic with broad application through the lens of one type of business. Despite this limitation, anyone who needs a basic understanding of cost estimation will find this book to be both appropriate and valuable.

Barry Silverstein