



Title: A Global Review of Project Cost & Schedule Contingency Methods

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Summary:

In 2016, the Risk Engineering Society published a “Contingency Guideline” edited by Pedram Danesh-Mand. This was a distillation of contributions from RES members of methods they use to quantify and manage cost and schedule contingency in projects. However, it did not describe comprehensively the range of methods in use globally. AACE International’s Recommended Practice 40R-08 “Contingency Estimating – General Principles” sets out what AACE recommends as the guiding principles for quantifying project cost and time contingency.

In August 2016, AACE International invited submissions for a special track of presentations and a panel discussion on the theme “Project Cost and Schedule Risk Quantification: Alternative Methods”. The accepted papers were to be presented at the 61st Annual Meeting of AACE International in Orlando Florida in June 2017. The purpose of the track was to present in a single venue, representations of the leading project cost and schedule risk quantification methods in use by various parties and industries in different settings, referencing RP 40R-08 to show how each method addresses the 40R-08 attributes, including an appraisal of the strengths and weaknesses of the subject method. A closing panel was to use a compiled table of the various methods and their strengths and weaknesses as a focus for discussion.

This presentation reports on the papers presented and the panel discussion. It aims to provide a practitioner’s guide to the merits of the various methods in use and the industries and sectors in which they have been used, with particular emphasis on when in the project life-cycle and under what conditions the different methods have their strongest advantages. As one of the organisers of the conference track and one whose horizons have been significantly widened by the experience, the presenter is well placed to provide a comprehensive perspective on this hotly contested and critical aspect of project controls practice.

Keywords:

Contingency, cost, schedule, methods, project, risk, quantification