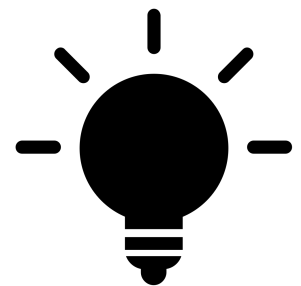


The total cost of developing or producing a certain item normally consists of wages for staff plus material costs required to do the work. The Product Owner needs to understand all the costs in order to maximize value generation.

Facilitation Tips

Who

Monetary Cost estimation should be done by the implementation team. They may need to prepare for this, for example by checking what options for purchases exist and speaking to potential suppliers or experts.



How

The estimation of Monetary Costs is in principle done the same way as with effort. If the team has a set of reference items with known cost structures, it makes sense to use relative estimation comparing actual items to these reference items.

During the estimation session, the team agrees on the scale being used. Are they talking about hundreds, thousands or millions of Euros (or some other currency)?

Why

As with other estimation forms, there is great value in the discussion during the session. It facilitates an improved common understanding among the people involved.

Monetary Cost will ideally be represented by an expected number and a worst-case number (equal to or bigger than the expected one)