



IIT ROORKEE



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CERTIFICATION COURSE

# Project Management for Managers

Lec – 07

Project Life Cycle Phases & Project Appraisal

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# Project life cycle phases

1a. Conception phase

1b. Definition phase

Initiation phase or  
Selection of a project

2. Planning and organizing

3. Implementation

4. Project clean-up phase



1. **Project selection** : Major decision of top mgt. (How to select a project ?????). Project selection can be divided into two major activities:

**Project identification**

**Project appraisal**

**Project identification:** Brainstorming (structured—sequential, 20-30 ideas,) and unstructured.



**Create a new product/ services through  
brainstorming.??????????????**



# Ways to create new product development through brainstorming

Kodak - informal sessions- engineer and designer with customers-problems & needs.

- Allow time off: scouting time- for technical people to putter in their own, pet projects.

- Survey your customers.

- Use iterative models: customers group discussing problems- technical people in another room listening and solving.

- Set up an idea vault.

- Interaction b/w technical people and supplier - through visits .



# Forces fighting new ideas

I have got great idea



# Forces fighting new ideas

## It wont work here



# Forces fighting new ideas

## We have tried it before





# Forces fighting new ideas

## This is not the right time



# Forces fighting new ideas

It can't be done



# Forces fighting new ideas

## It's not the way we do things



# Forces fighting new ideas

We have done all right without it



# Forces fighting new ideas

## It will cost too much



# Forces fighting new ideas

Let us discuss in our next meeting



# During brainstorming activity: management has to be:

Receptive

Vision for future growth

Keep long term objectives in mind

SWOT

Perform preliminary project analysis to assess whether a project proposal is worthwhile or not.

Documents like: **project / product documents** (characteristics of project), **feasibility document** (constraints), **project concept** document (what, how, why – is to be done), **project charter** (it formally communicates the initiation of the project, scope, authority, KSF)



Ex: Reduce vehicular pollution in your city

- 1.
- 2.
- 3.

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### **Criteria for screening ideas**

Effectiveness to achieve objectives

Cost of the proposal

Ease of implementation

Time needed





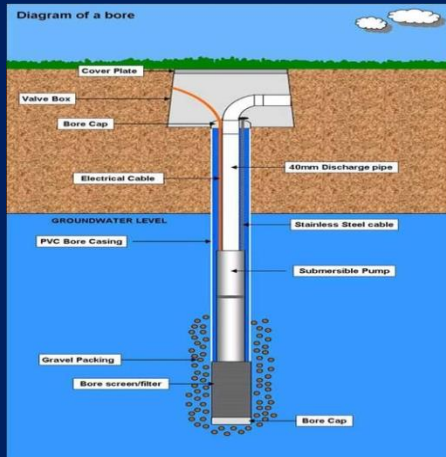
# Project appraisal

**Market appraisal:** customer (who-needs), mkt share, current and future competitors- their mkt share, aggregate demand, possible pricing options.



# Project appraisal

**Technical** : Engineering aspects, location , size, process, etc. (bore well)



**Financial factor?????**

# Project appraisal

**Financial appraisal:** Cost of project and means of sources, impact on financial position of the firm, working capital, cash flows over time, profitability, BEP, net present worth, IRR, PBP, Risk.



# Project appraisal

**Ecological: Environmental damage (air, water, noise)  
restoration measures**

**Economic????????**



# Project appraisal

**Economic:** Impacts of project on society. Benefits and costs, distribution of income in society, level of saving and investments, employment, etc.



# Project appraisal

**Production factors:** Time to complete project, availability of resources, flexibility of operations, connection with existing production line, energy requirements and its sources. Expected quality of product.

**Personal factors:??????**

**Legal factors:??????**



## 2. Planning and organizing



# 3. Project implementation : ?????????????





### 3. Project implementation:

- Organization of project **team** and allocation of **work**
- Monitoring – cost, value and time
- Effective control action to minimize time and cost overruns
- Updating of project schedules ( time and cost)
- Provisioning of financial and other resources needed in the project
- Coordination
- Awarding of contracts-vendors, sub contractor
- Procure and erecting of equipment and services



# 4. Project completion and Review?????



# 4. Project completion and Review

Disbanding project team

Handing over

Accounting and report writing

Learning from experience

What else ????????

