**Faculty of Computer Science and Information Technology**

**University Malaya**

**Semester 1 , 2016/2017 Academic Session**

**WIX 2002 Project Management**

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Tutorial 1

1. What are the five characteristics that help to differentiate projects from other functions performed in the daily operation of the organization.
2. Why is the implementation of projects important to strategic planning and the project manager?
3. Explain the role of projects in the strategic management process.
4. How do projects linked to the strategic plan?
5. The portfolio of projects is typically represented by compliance, strategic and operations projects. What impact can this classification have on project selection?
6. You manage a hotel resort located on the south of Malaysia on the Tioman Island. You are changing the focus of your resort from a traditional fun destination to eco-tourism. How would you classify the following projects in terms of compliance, strategic and operational?How easy was it to classify these projects? What made some projects more difficult than others
7. Convert the pool heating system from electrical to solar power
8. Build a 4-mile nature hiking trail
9. Renovate the horse barn.
10. Launch a new promotional campaign with Malaysian Airlines.
11. Convert 12 adjacent acres into a wildlife preserve.
12. Update all the bathrooms in condos that are 10 years or older.
13. Change hotel brochures to reflect eco-tourism image.
14. Test and revise disaster response plan.
15. Introduce wireless Internet service in café and lounge area.
16. Two new software projects are proposed to a young, start up company. The ABC project will cost RM150,000 to develop and is expected to have annual net cash flow of RM40,000. The XYZ project will cost RM200,000 to develop and is expected to have annual net cash flow of RM50,000. The company is very concerned about their cash flow. Using payback period, which project is better from a cash flow standpoint? Why?
17. A five-year project has a projected net cash flow of RM15,000, RM 25,000, RM30,000, RM 20,000 and RM15,000 in the next five years. It will cost RM 50,000 to implement the project. If the required rate of return is 20 percent, conduct a discounted cash flow calculation to determine the NPV.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **A** | **B** | **C** | **D** | **E** | **F** | **G** | **H** |
| **1** |  | | | | | | | |
| **2** | **Exercise 2.3** | | | | | | | |
| **3** | **Net Present Value Example** | | | | | | | |
| **4** |  | | | | | | | |
| **5** | **Project 2.3** |  | **Year 0** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| **6** | **Investment** |  | **-$50,000** |  |  |  |  |  |
| **7** | **Cash Inflows** |  |  | **$15,000** | **$25,000** | **$30,000** | **$20,000** | **$15,000** |
| **8** | **Required Rate of Return** | **20%** |  |  |  |  |  |  |
| **9** |  |  |  |  |  |  |  |  |
| **10** |  |  | |  | | | | |

1. The Gem Company has set up a weighted scoring matrix for evaluation of potential projects. Below are five projects under consideration.
2. Using the scoring matrix below, which project would you rate highest? Lowest?
3. If the weight for “Strong Sponsor” is changed from 2.0 to 5.0, will the project selection change? What are the three highest weighted project scores with this new weight?
4. Why is it important that the weights mirror critical strategic factors?

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Criteria | Strong Sponsor | Support Business  Strategy | Urgency | 10% of sales from new product | Competition | Fill market gap | Weighted Total (a) | Weighted Total(b) |
| Weight | 2.0 | 5.0 | 4.0 | 3.0 | 1.0 | 3.0 |  |  |
| Project 1 | 9 | 5 | 2 | 0 | 2 | 5 |  |  |
| Project 2 | 3 | 7 | 2 | 0 | 5 | 1 |  |  |
| Project 3 | 6 | 8 | 2 | 3 | 6 | 8 |  |  |
| Project 4 | 1 | 0 | 5 | 10 | 6 | 9 |  |  |
| Project 5 | 3 | 10 | 10 | 1 | 8 | 0 |  |  |