ASSIGNMENT-2

-:QUESTION/ANSWERS:-

1). What is Leadership ? How is it different from management ?

Ans

- Leadership is defined as the potentional to influence and drive the group efforts towards the accomplishment of goals. This influence may originate from formal Sources, such as that provided by acquisition of managerial position in an organization.

- The different between Leadership and management are :

i). While managers lay down the structure and delegates authority and responsibility, leaders provides direction by developing the organizational vision and communicating it to the employees and inspiring them to achieve it.
ii). While a leader gets his authority from his followers, a manager gets his authority by virtue of his position in the organization.
iii). While managers follow the organization's policies and procedure, the leaders follow their own instinct.
iv). While management deals with the technical dimension in an organization or the job content; leadership deals with the people aspect in an organization.
v). Management is more of science as the managers are exact, planned, standard, logical and more of mind. Leadership, on the other hand, is an art. In an organization, if the managers are required, then leaders are a must / essential.

2). What is strategic planning? Explain the strategic planning process.

Ans

- Strategic planning is the art of formulating business strategies, implementing them, and evaluating their impact based on organizational objectives. The concept focuses on integrating various business departments, production, marketing, information systems to achieve organizational goals. The term strategic planning is synonymous with strategic management, only that the former is used in the corporate world and the latter in the academic setting.

- The application of strategic planning in business is a result of difficult managerial decisions that comprise good and less desirable courses of action.

- The development and execution of strategic plans is a well-thought-out plan performed in three critical plans:

i). Strategy Formulation :-

- In the formulation of strategies, the business assesses its current situation by performing an internal and external audit. Strategy formulation also involves identifying the organization's strengths and weakness, as well as opportunities and threats.

ii). Strategy Implementation :-

- After the strategy formulation, the company needs to establish short-term goals, devise policies, and allocate resources for their execution.

iii). Strategy Evaluation :-

- Any savvy person knows that success today does not guarantee success tomorrow. As such, it is important for managers to evaluate the performance of various strategies after the implementation phase.

3). What are the benefits of strategic planning ?

Ans

- The volatility of the business environment causes most firms to adopt reactive strategies and not proactive ones.
- However, reactive strategies are short-term, causing firms to spend a significant amount of resources and time.
- Strategic planning helps firm prepare beforehand ; it lets the company initiate influence instead of just responding to situations.

- The benefits of strategic planning are :

i). Helps formulate better strategies using a logical approach :-

- It is still the most important benefit. Some studies show the strategic planning process makes a significant contribution more than the decision itself.

ii). Enhanced Communication between employers and employees :-

- Communication is crucial to the success of the strategic planning process. It is initiated through participation and dialogue among the managers and employees, which shows their commitment to achieving organizational goals.

iii). Empowers the individuals working in the organization :-

- The increased dialogue and communication among all the stages of the process strengthens the employees sense of effectiveness, initiative-taking, and imagination.

4). What is Budgeting ? Explain the budgeting as a process.

Ans

- Budgeting is a collective process in which operating units prepare their plans in conformity with corporate goals published by top management.

- Each unit plan is intended to contribute to the achievement of the corporate goals. Unit managers prepare projections of sales, operating costs, overhead costs, and capital requirements.

- Many small businesses try to operate without a formal budget. Even some businesses that have a budget seldom consult it, meaning they are not gaining the business advantages that they could be through budgeting.

- By regularly consulting a budget, business leaders can compare actual figures and catch potential business shortfalls or other problems early.

- While budgets are developed bottom up, managers must strive to meet top-down business goals.

- Budgeting creates a comprehensive picture of the future and makes both opportunities and barriers conscious. This foreknowledge then helps guide day-to-day activities.

- Much of the negative attitude that has developed concerning this activity has its roots in unnecessary bureaucratic impositions on the one hand and unrealibility because of rapid change a few months out.

5). Explain the types of budgets.

Ans

- The types of budgets are :

i). Operational budget
ii). Cash flow budget
iii). Capital budget

i). Operational Budget :-

- An operational budget is the most common type of budget used. It forecasts and tries to pretty closely predict yearly revenue and expenses for a business. This budget can be updated with actual figures on a monthly basis and then you can revise your figures for the year.

ii). Cash flow Budget :-

- A cash flow budget details the amount of cash you collect and pay out. This is generally tallied on a monthly basis, but some businesses tabulate this weekly. In this budget, you track your sales and other receivables from income sources and contrast those against how much you pay to suppliers and in expenses.

iii). Capital Budget :-

- The capital budget helps you figure out how much money you need to put in place new equipments or procedures to launch new products or increase production or services. This budget estimates the value of capital purchases you need for your business to grow and increase revenues.

6). What is the purpose of the project planning phase ?

Ans

- The purpose of the project planning phase are :

i). Establish business requirements.
ii). Establish cost, schedule, list of deliverables, and delivery dates.
iii). Establish resources plans
iv). Obtain management approval and proceed to the next phase.

- The key objectives of the Project planning phase are :

i). Define Project Goals and objectives
ii). Determine Scope and Deliverables
iii). Create a Project Schedule
iv). Allocate resources
v). Risk identification and management
vi). Communication plan
vii). Set Performance Metrics
viii). Define Roles and Responsibilities

7). What are the basic processes of project planning ?

Ans

- The basic processes of project planning are :

i). Scope planning : Specifying the in-scope requirements for the project to facilitiate creating the work breakdown structure.

ii). Project Schedule Development : Listing the entire scheduling of the activities and detailing their sequence of implementation.

iii). Resource planning : Indicating who will do what work, at which time, and if any special skills are needed to accomplish the project tasks.

iv). Budget Planning : Specifying the budgeted cost to be incurred at the completion of the project.

v). Procurement planning : focusing on vendors outside your company and subcontracting.

vi). Risk Management : Planning for possible risks and consindering optional contingency plans and mitigation strategies.

vii). Quality planning : Assessing quality criteria to be used for the project.

viii). Communication planning : Designing the communication strategy with all project stakeholders.

8). What is a risk ? Explain the four basic ways to handle a risk.

Ans

- A risk is any uncertain event or condition that might affect your project. Not all risks are negative. Some events or conditions can help your project. When this happens, we call it an opportunity ; but it's still handled just like a risk.

- There are four basic ways to handle a risk :

i). Avoid : The best thing you can do with a risk is avoid it. If you can prevent it from happening, it definitely won't hurt your project. The easiest way to avoid this risk is to walk away from the cliff, but that may not be an option on this project.

ii). Mitigate : If you can't avoid the risk, you can mitigate it. This means taking some sort of action that will cause it to do as little damage to your project as possible.

iii). Transfer : One effective way to deal with a risk is to pay someone else to accept it for you. The most common way to do this is to buy insaurance.

iv). Accept : When you can't avoid, mitigate, or transfer a risk, then you have to accept it. But even when you accept a risk, at least you've looked at the alternatives and you know what will happen if it occurs.

9). What is a risk management plan?

Ans

- By the time a risk actually occurs on your project, it's too late to do anything about it. That's why you need to plan for risks from the beginning and keep coming back to do more planning throughout the project.

- The risk management plan tells you how you're going to handle risk in your project. It documents how you'll assess risk, who is responsible for doing it, and how often you'll do risk planning.

- Some risks are technical, like a component that turn out to be difficult to use. Others are external, like changes in the market or even problems with the weather.

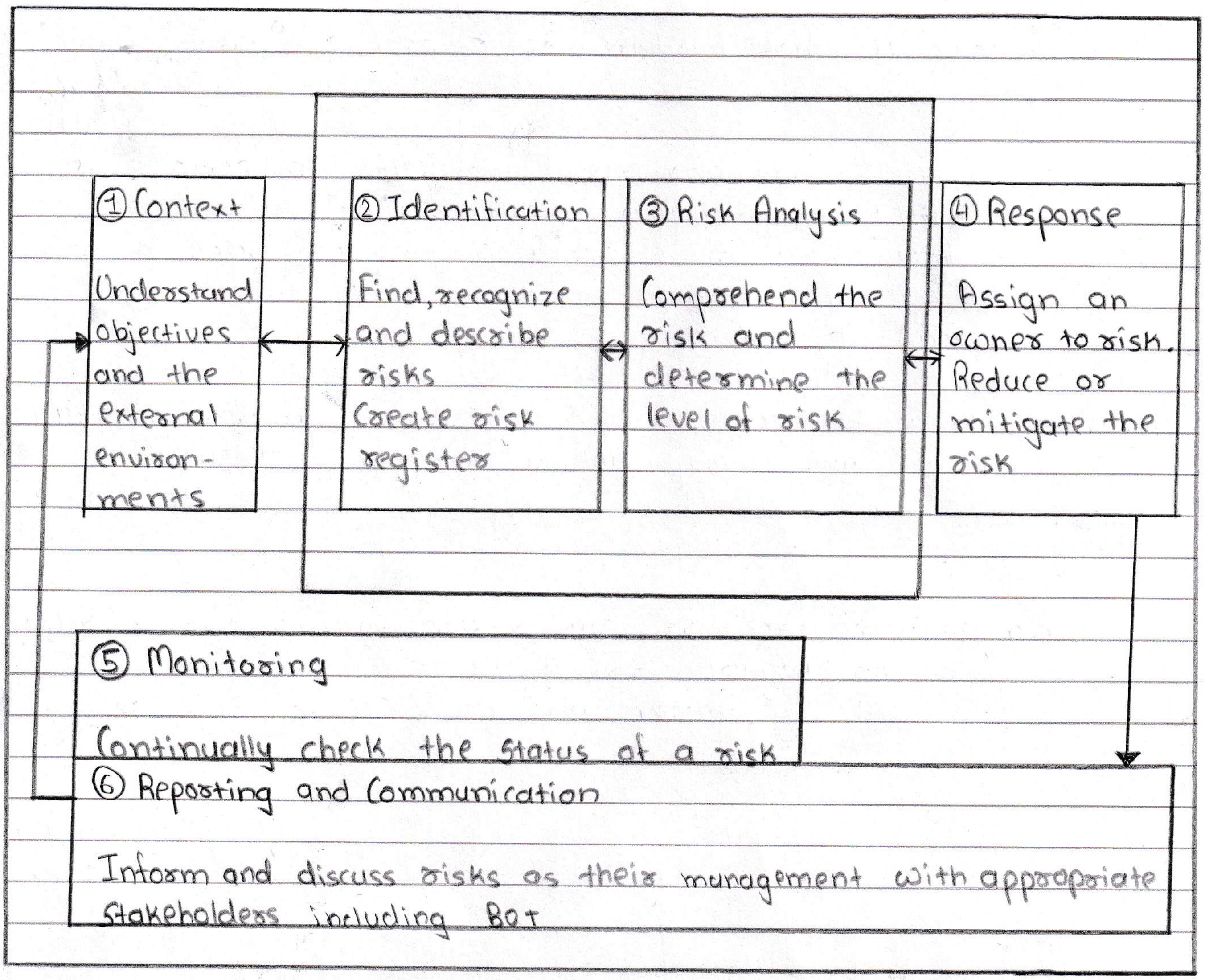
- Managing risks on projects is a process that includes risk assessment and a mitigation strategy for those risks. Risk assessment includes both the identification of potentional risk and the evaluation of the potentional impact of the risk.

- A risk mitigation plan is designed to eliminate or minimize the impact of the risk events - occurrences that have a negative impact on the project. Identifying risk is both a creative and a disciplined process.

10). Explain with a line diagram the Enterprise Risk management process.

Ans.

- Managing risks on projects is a process that includes risk assessment and a mitigation Strategy for those Kids. It includes both the identification of potentional risk and the evaluation of the potentional impact of the risk.



- A risk mitigation plan is designed to eliminate or minimize the impact of the risk events - occurrences that have a negative impact on the project. Identifying risk is both a creative and a disciplined process.

- The creative process includes brainstorming sessions where the team is asked to create a list of everything that could go wrong. All ideas are welcome at this stage with the evaluation of the ideas coming later.

11). Explain Risk Identification.

Ans

- A more disciplined process involves using checklists of potentional risks and evaluating the likelihood that those events might happen on the project.

- Some companies and industries develop risk checklists based on experience from past projects. These checklist can be helpful to the project manager and project team in identifying both specific risks on the checklist and expanding the thinking of the team.

- Identifying the sources of risk by category is another method for exploring potentional risk on a project. Some examples of categories for potentional risks include the following :

i). Technical
ii). Cost
iii). Schedule
iv). Client
v). Contractual
vi). Weather
vii). Financial
viii). Political
ix). Environmental
x). People

- We can use the same framework as the work breakdown structure (WBS) for developing a risk breakdown structure (RBS). A risk breakdown structure organize the risks that have been identified into categories using a table with increasing levels of detail to the right.

12). Explain risk assessment.

Ans

- Risk assessment is the process of identifying, analyzing, and evaluating potentional risks that could negatively impact a project, business, or operation. It helps organizations take preventive measures to minimize, manage, or eliminate risks.

- The Key Steps in risk assessment are :

i). Identify Risks,
ii). Analyze Risks,
iii). Evaluate Risks,
iv). Prioritize Risks,
v). Develop Risk Mitigation Strategies
vi). Monitor and Review

- The types of Risks in Risk assessment are :

i). Financial Risks
ii). Operational Risks
iii). Strategic Risks
iv). Cybersecurity Risks
v). Health and Safety Risks.

13). What is Risk Mitigation ?

Ans

- After the risk has been identified and evaluated, the project team develops a risk mitigation plan, which is a plan to reduce the impact of an unexpected event.

- The project team mitigates risks in various ways :

i). Risk avoidance
ii). Risk sharing
iii). Risk reduction
iv). Risk transfer

i). Risk Avoidance :-

- Risk avoidance usually involves developing an alternative strategy that has a higher probability of success but usually at a higher cost associated with accomplishing a project task.

ii). Risk Sharing :-

- Risk sharing involves partening with others to share responsibility for the risky activities. Many organizations that work on international projects will reduce political, legal, labour and others risk types associated with international projects by developing a joint venture with a company located in that country.

iii). Risk Reduction :-

- Risk reduction is an investment of funds to reduce the risk on a project. On international projects, companies will often purchase the guarantee of a currency rate to reduce the risk associated with fluctuations in the currency exchange rate.

iv). Risk Transfer :-

- Risk transfer is a risk reduction method that shifs the risk from the project to another party.

14). How does the project team mitigate risks ?

Ans.

- The project team mitigates risks by identifying potential threats, analyzing their impact, and implementating proactive Strategies to reduce their likelihood or consequences.

- The key risk mitigation Strategies are :

i). Risk identification and assessment
ii). Risk avoidance
iii). Risk Reduction
iv). Risk Transfer
v). Contingency planning
vi). Continuous monitoring and review
vii). Effective communication
viii). Strong Project leadership and decision making

15). Explain project risk by phases.

Ans
- Project risk is dealt with in different ways depending on the phase of the project.

i). Initiation :-

- Risk is associated with things that are unknown. More things are unknown at the beginning of a project, but risk must be considered in the initiation phase and weighed against the potentional benefit of the project's success in order to decide if the project should be chosen.

ii). Planning phase :-

- Once the project is approved and it moves into the planning stage, risks are identified with each major group of activities. A risk breakdown structure can be used to identify increasing levels of detailed risk analysis.

iii). Implementation phase :-

- As the project processes and more information becomes available to the project team, the total risk on the project typically reduces, as activities are performed without loss. The risk plan needs to be updated with new information and risks checked off that are related to activities that have been performed.

iv). Closeout phase :-

- During the closeout phase, agreements for risk sharing and risk transfer need to be concluded and the risk breakdown structure examined to be sure all the risk events have been avoided or mitigated. The final estimate of loss due to risk can be made and recorded as part of the project documentation. If a monte carlo simulation was done, the result can be compared to the predicted result.

16). Explain risk response strategies.

Ans

- The choices of response strategies for THREATS include :

i). Avoid : Focus on eliminating the cause and thus, eliminating the threat.

ii). MITIGate : There are certain risks that cannot be eliminated. However, their impact can be reduced.

iii). Transfer : Transfer the risk to some other party. Insurance purchases, warranties, guarantees etc. are examples of risk transfers.

- The choices of response strategies for opportunities include:

i). Exploit : Add work or change the project to make sure the opportunity occurs.

ii). Enhance : Increase the probability and positive impact of risk events.

iii). Share : Allocate ownership of opportunity to a third-party.