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NSSA-370
HW#7

2) What is project value?

      Project value is the project's overall worth in terms of every benefit that's to be produced by the project's success. Project value needs to be calculated in order for the project manager – and/or key stakeholders with similar levels of authority – to decide whether the project in progress should continue. A specific metric that helps lead to this decision is *profitability,* which looks into cost measures resulting from the most critical effects on the project. Understanding this kind of measurement is important because it's extremely difficult to predict an internal project's benefits and revenue gains/losses, accurately, when such cost measures as sources of income are not readily available. On the other hand, the benefits and revenue gains/losses from external projects are easier to calculate, because periodically, external stakeholders (e.g., customers) are issued billing statements, which contain lists of transactions and associated costs (e.g., buying costs, or fees for services used).

      Project *profitability* takes into account the calculations made previously during the project selection process that takes place in the project initiation phase. Again, *net present value* (NPV) helps to realize the project's viability by providing the expected *return on investment* (ROI), which is the quotient of the total cash flow (or costs saved for a future investment) and the current total investment in the project. The resulting ROI is the rate of return that gets factored into the *present value* (PV) with respect to the *payback period*: the time it takes for a complete payoff. To obtain the *net present value* (NPV), subtract that *present value* (PV) by the current total investment in the project. The possible results are NPV > 0 (there's positive value), NPV < 0 (there's negative value), and NPV = 0 (there's an *internal rate of return* (IRR) rather than an ROI). Similarly, project value can be determined by referencing the *Profitability Index* (*PI*), which compares the total payoff to the total investment; in this case, the possible conditions are PI > 1 (same as NPV > 0) and PI < 1 (same as NPV < 0). Among these results, the first one (NPV > 0, or PI > 1) is most favored in that a project with positive value is profitable, so this particular project is worth doing, and can continue to progress, if initiated already. By the time project execution takes place, the project value would be the net benefits after factoring in the total cost of the project.

      In addition to the use of mathematical analysis to determine project value, the delivery of project value can be achieved by following a repetitive process cycle. It's certainly possible for opportunities to appear before a project organization expects them to, so the project organization needs to use its resources at hand to start the project. Once initiated, the project will make best use of the existing opportunities in order to create more opportunities, and produce more process-related assets to drive the project forward. It's also important to keep in mind the other project success factors (scope, time, cost, resources, and performance), not only because each factor affects one another, but also because the change in any of these factors influences the change in project value, directly. In other words, the change in project value is directly proportional

to that of every other success factor. The project manager has to ensure alignment with the project scope, satisfaction of success criteria, and the lowest impact of existing project risks. The project value is realized when the project is left with low residual risks, or low risks overall. Last but not least, while the project may have the potential to deliver value to a project organization, successfully, it must be fully implemented to prevent the project organization from losing value: its reputation, and numerous opportunities, specifically.

17) What are the various types of reviews used in projects?
Project reviews have different forms, most of which relate to the project's quality. There's [quality audit]: a specific type of review that's organized, concerns project objectives, and identifies key assets (i.e., processes, procedures, constraints, issues and/or risks, and best practices) that drive the project toward success. A project auditor gathers a quality plan, then meets with the project team and its project manager (at least one week before a planned audit is scheduled, or whenever everyone's available for an unplanned audit) before reporting to every other project stakeholder the audit results, such as the latest outcomes due to specifications, project constraints (e.g., schedule, cost, resources), project plans, and project documentation. The goal of a quality audit is to realize whether project assets and activities align with the standards that were established in the project's earlier stages, and meet organizational standards.

There are also more qualitative, subjective types of reviews. [Expert reviews] are done by as many experts needed to check for accuracy of the technical details produced by the integration of various knowledge areas into the project. [Peer reviews] are completed only by co-members (internal and external) who are affiliated with a common project organization; and these reviews are less accurate. Co-members may already share common ground, so their strong interpersonal relationships, rather than professional relationships, could possibly result in their giving each other positively-sounding feedback rather than a truly positive feedback that's intended to help individuals improve their own performances. In addition, giving peer reviews is considered a standard practice for identifying issues, risks and/or defects early on in the project lifecycle in order to sustain the project's quality and performance. [Team reviews] are more accurate than peer reviews because team reviews are conducted by people with different perspectives; and these perspectives get combined, collectively. However, team reviews could also lead to interpersonal conflicts such that team members may have hostile debates over their different perceptions.

Perhaps, these unique team members could reach an agreement if their reviews were effectively managed. Besides the subjective reviews mentioned in the previous paragraph, there are reviews that encourage fairness and moral conduct. Even though [walk-through reviews] are informal, they're one type of *peer reviews* that encourage team members to be more open-minded, to ask questions rather than make biased judgements and/or unreasonable conclusions, and to come up with various ways to improve the project in order to suit its audience's needs, including their levels of understanding. [Management reviews] require the management team to meet with

project managers and their project teams to do the following tasks in respective order: evaluating the latest status (or health) of the project, determining project plans to ensure consistency, commenting on updated schedules, confirming all necessary requirements (technical, functional, and customer-based), and continuing to monitor the project's progress. Accordingly, management reviews give project teams, especially the busier ones, a chance to involve people from management in helping the team progress further along the project lifecycle, and align the team's continuously improved work with the project organization's mission and objectives. Finally, [process reviews] validate the project's internal processes in order for the project team to meet organizational goals and objectives, and make sure that correlating procedures are followed properly and consistently.

Grade: 98 / 100

Professor's Feedback:

2. Very complete answer. My only comment is that when talking about benefits, there are intangible benefits (e.g. goodwill, image, employee moral) that also factor into the overall assessment.

17. Good. You expanded the "basic" answer by mentioning project reviews and quality audits. There was also a noticeable effort to use your own wording when answering this question.