



Budgets, Funding & Contractors

Managing the Money

March 13, 2017

MGT451 – Project Management

Budgets

What makes up a budget?

- Cost
 - Money
- Time
 - Deadlines
- Scope
 - Features



Budget Basics

$$\text{PROFIT} = \text{REVENUE} - \text{COST}$$

↑ ↑ ↑
TO INCREASE ... INCREASE ...OR DECREASE
THIS... THIS... THIS

- What is a P&L?

Profit & Loss Statement - summarizes the revenues, costs and expenses incurred during a specific period of time.

- What intangible things do not "show" but have a cost?

Morale, trust, communication, meaning, & safety.

- How can you "misspend" on a seemingly good decision?

Deposits, contract buy-off fees, legal fees, etc.

Average Costs

2012 ESA (Entertainment Software Association) of Canada average cost per game:

- Console - \$8,728,125
- PC & Mac - \$995,675
- MMO - \$834,000
- Web - \$651,625
- Mobile - \$303,500
- Social Network - \$295,000
- Kiosk & Standalone - \$30,000

Consider context for what "average" means...



Managing Waste

Where can you waste money without even being aware?

- Lack of a defined deliverable/vision
- Iteration/prototyping without direction
- Meetings
- Interviews
- Travel time
- Crunch without focus/purpose



Funding

What are sources of funding?

- Self Funded
- Direct Investment
- Angel Investment
- Early Launch Access/Paid Beta Access
- Crowd Funding (Kickstarter, etc.)



Investment Types



- Self Funded

Your own money/you are responsible for all loans, funding sources – you retain all profit/liability

- Venture Capital (Business)

Provides direct investment the project and/or company by providing funds as a business investment in growth potential

- Angel Investment (Personal)

Provides start-up funding for return on investment for the project in exchange for convertible debt by an individual or small group

Public Funding



- Early Launch Access/Paid Beta Access

A product is released for “buy-in” early access usually before the project is considered code complete or final release ready

- Crowd Funding

Public funding of a project in return for recognition and/or physical item(s) representing that investment
Getting the money has additional costs that often are not considered – “investor perks”, shipping costs, etc.

Hidden Costs

What do you “give up” as part of the funding process?

- ◉ Due diligence investigations
- ◉ Requirements in advance of signing the contract
- ◉ Contract deliverables
- ◉ Reward promises/commitments
- ◉ Future profit/value commitment
- ◉ Investor “noise” & expectations
- ◉ Control of specific aspects of project & business



Contractors

- ◉ Inside/Onsite
- ◉ Remote
- ◉ Project/Piece Based
- ◉ Outsource

Contractor Pros

- While you usually pay more per hour, you will most likely save money overall as you do not pay benefits or commit to a salary.
- Greater flexibility when it isn't a good match you can let them go.
- Hire the right person for the task needed with a specialized skills and experience.
- Responsible for their own education, taxes, and professional licenses.
- Not required to withhold taxes and make remittances to the IRS for the individual.

Contractor Cons

- Lose some control over how tasks are preformed as monitoring work is easier on site so may do things “their way.”
- Short term hires if you need the same talent you may not get them for the next project/fixes on the current one.
- Little to no sense of company loyalty; they are a “hired gun” for a specific job.
- Do not promote you but themselves.
- Copyrights may be owned by the contractor, draft an agreement stating otherwise when needed.
- Work for many companies protect yourself and use NDAs – they are binding, enforceable contracts.



Questions?



Resource Pitch

- What is the Resource Pitch?
 - A simple presentation that provides the status of your project and what resources may be needed to complete it.
- What Resources?
 - Money, People, Tech, Time, etc.
- What goes on the slides?
 - Project Status Overview
 - What & Why
 - Mitigation Plan
 - Project Detail

Project Status Overview

- Slide 1

Area	Summary
Budget	Buffer - \$2,000 remaining
Technology	On Track
People	Limited QA resources
Schedule	Current feature/system roadmap 2 months behind, limited testing coverage
Logistics	On Track

What & Why - Slide 2

- What you need to get to launch/live?
- Why do you need those things to get to launch/live?
- What is the likely outcome if you do not get the requested resource(s)?

Area	Ask	Justification	Impact
Budget	Increase buffer budget by \$23,000	Coverage of unexpected costs through launch	No budget for unexpected team/project support costs
Technology	None	All assets current/costs covered	N/A
People	1 contract QA resource with salary	Feature/System QA coverage/quality	Limited end-to-end testing of account management, play mode 2, and monetization
Schedule	Extend schedule by 2 months	Full implementation/testing not complete	Missing system/features/testing not complete
Logistics	None	All needs/costs covered	N/A

Mitigation Plan - Slide 3

- How is your “ASK” going to address the current risks/obstacles?
- How will it improve your chance of success? E.g. Launch
- If everything is AWESOME you better convince me why and that it is!

Area	Ask	Improves...
Budget	Increase buffer budget by \$23,000	Ability to cover unexpected team/project support costs
Technology	None	N/A
People	1 contract QA resource with salary	QA coverage by doubling the QA support on all feature and systems
Schedule	Extend schedule by 2 months	Delivery of all required features/systems (account management, play mode 2, and monetization) with end-to-end testing to ensure quality bar
Logistics	None	N/A

Overview & Requirements

- No Wheel of Reality Event this week
- Presentation Requirements
 - **3 Slides ONLY**
 - Project Code Name in the footer of each slide
 - Project Lead Name in the footer of each slide
 - File Name - Project <Code Name>
 - Presentation Slides submitted by 5PM PST on Monday, March 20
- Presentations in order of your Project Code name
- 5 minutes total - speak/present/answer questions – *you will be timed (3 minute of presentation, 2 minutes of questions)*
- All class members will do a peer review of your pitch – there is a participation element to this assignment

Resource Pitch Sample Slide 1

PROJECT ALPHA: PROJECT STATUS OVERVIEW

Area	Summary
Budget	Buffer - \$2,000 remaining
Technology	On Track
People	Limited QA resources
Schedule	Current feature/system roadmap 2 months behind, limited testing coverage
Logistics	On Track

Code Name: Project Alpha

Project Lead: Christin Overton



Questions?

