**Case study: IT Project for COOK Company**

**Business case and project charter**

**Project background**

Cook Company is an industrial company specialized in accessories and spare parts for the automotive industry.

Cook Company wants to remodel its information system to implement new software solutions that will enable it to improve the quality of its products, reduce inventory levels and delivery times to its customers. Moreover, the company can no longer maintain the old application which is no longer supported due to the lack of internal skills. The new suite of applications must also provide additional functionality to achieve business goals.

The project will provide an improved inventory control system and is expected to reduce inventory levels and costs by 25%. The average time to confirm an order will go from 5 to 2 days and the total delivery time to the customer from 10 to 5 days. The new system will have an interface between the production management system and the order management module so that the order entry error rate will be reduced by 80%.

The IT department approved the principle of developing a new Java / Oracle software suite internally using internal resources combined with external resources specialized in the relevant functional areas. During the feasibility study of the project, a recommendation was made to use a package rather than doing an internal development, but the IT department opted for an internal solution because of the unavailability on the market, of the package that was only to be released in September 2019.

In order to set up the development and future production environments, a new infrastructure will be set up as part of the project. This can be a potential risk for the project in the event of late delivery of the planned equipment.

The total cost of support and maintenance of the new system will be significantly lower than the support cost of the current system. The new technology used will increase the stability and durability of the solution.

The functions covered by the project are production management, inventory management, order entry and billing.

The project is structured in 3 main phases

-           Implementation of the new infrastructure

-           Development of production management modules and inventories

-           Development of order entry and invoicing modules

The project is approved in January 2019 and starts on March 2019 for a period of 10 months with a start of the new system on the 1st of January 2020. The new system should definitely start 1st of January 2020 to meet new regulations on compliance with environmental standards are subject to administrative penalties or production ban.

The distribution, logistics and accounting functions are not part of the project scope. They keep their current systems with existing interfaces that will be adapted to the new system.

The project manager is very experienced and has been part of the company for fifteen years.

The estimated budget is 600,000 Euros. The cost includes the new infrastructure (6 new servers, 1 new storage system) the development programs and modules, the testing and handover to production. The budget also includes consulting assignments in the Design phase corresponding to the roles of Production Management Architect and Order Management Architect.

Project deliverables (Milestone or Milestone corresponding to the planned date)

Deliverable 1   : Delivery of new IT infrastructure 16/06/2019

Deliverable 2   : Delivery of production management modules and inventories availability 01/09/2019

Deliverable 3   : Delivery of order entry modules and invoicing 15/10/2019

Deliverable 4   : Finalization of tests and training 15/12/2019

**Further information**

During the feasibility study, it appeared that the users of the orders and billing department are not very supportive of the project. They do not understand the need to change the system even if they are aware of the new regulations. Moreover, these legal and administrative rules are new and complex to formalize.

The seller selected for the hardware has a very good reputation in the market. It has a very good level of reliability in terms of delivery on time.

For the order management and billing phase, one of the key programmers of the company has unfortunately resigned a month ago and you have been offered a senior who masters the technology but has a very bad character and does not play teamwork very well.

**Project profitability**

The project feasibility study demonstrated the following opportunities in terms of cost reduction and the increase expected of revenues

|  |  |  |  |
| --- | --- | --- | --- |
| Cost savings | 2020 | 2021 | 2022 |
| Inventory cost savings | 150 000 | 250 000 | 400 000 |
| Order defects reductions | 50 000 | 80 000 | 100 000 |
| IT costs savings | 70 000 | 100 000 | 100 000 |
|  |  |  |  |
| Revenues increases due to new system | 200 000 | 300 000 | 400 000 |

In addition to man-time costs, the project needs also to incur materials costs and external purchases

|  |  |
| --- | --- |
| Materials and external purchases | Total cost in € |
| Servers, storage | 130 000 |
| Software (Database and Programming language) | 45 000 |
| Training (Videos, courses) | 20 000 |
| Total equipment | 195 000 |

**Project content**

The following activities are not included in the project boundary   :

-           Logistics and Accounting

-           Barcoding system products in the warehouse

-           Acquisition of new PCs or screens for users

-           Internet access for electronic data transmission with customers

**Questions**

1. Prepare the business case of this project and explain why this project would be approved (feel free to challenge and to review some assumptions in terms of cost savings and revenue generation)
2. Establish the Project Charter using the attached template
3. What could be a preliminary high-level estimate of the man-time costs for this project?

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| **Sample project charter** | | | |
| **name of the project:** |  | **Prepared by:** |  |
| **Date:** |  |
| **Description** | | | |
| *[Briefly describe the project, including the strategic and operational objectives and the overall scope.* *Identify any other relevant sectors not included in the project.]* | | | |
| **Indicators of success** | | | |
| *[Define the indicators of success.]* | | | |
| **the project's objectives** | | | |
| *[Identify key objectives and SMART goals: specific, measurable, achievable, realistic and time-bound.]* | | | |
| **Products to be delivered** | | | |
| *[List key deliverables.]* | | | |
| **Calendar** | | | |
| *[Establish* *a high-level calendar*.] | | | |
| **Budget** | | | |
| **Approach** | | | |
| *[Summarize the project methodology.]* | | | |
| **Presumptions and constraints** | | | |
| *[Identify all presumptions and constraints that could affect the project.]* | | | |
| **Team** | | | |
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| --- | --- | --- | --- |
| **Sample project charter** | | | |
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| **Dated**  **:** |  |
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|  | | | |
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