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**PROJECT REPORT**

**ON**

**E-BUSINESS FOR STATE STREET RECORDS**

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| **Submitted To** | **Submitted By** |
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# Executive Summary

This document commissioned to analyse and deliver solution to increase the number of customer in order to improve the running business of “State Street Records” which provides music and entertainment products to the customers that was established in 1978 in wellington. Their sales volumes increased in few years and they tuned their business with more store in other cities to improve business revenue and they got success. From the last 4 years their business reputation and margin become stable because of competitor growth and customers need to visit city to purchase product that are living in towns so they prefer local stores to buy these products.

To enhance business reputation this report investigated three possible solutions to the business. The first one is to initiate an online store for this company so customer can buy product online. This solution will have high return on investment according to customer’s interest in this digital world. Another alternative is to invest the money on new stores in towns which offer a key solution to attach the customers of towns with the company. Last key solution for this problem by advertising the business on digital media and newspapers that will expand business and cognisant to customers about products quality and offers provides by the company.

Alternative feasibility analysis has been done on basis of economic parameters that includes budget, benefit, return on investment, payback period and breakeven point that concludes that E-Business of running store “State Street Records” would be better solution to enhance the margin of business in terms of return on investment 50% which is more than other recommendations and payback with 1-2 years which is more than 3 years for investing in new store and advertising in business.

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# Chapter – 1 (Business Background)

## Introduction

This Chapter presents the business “State Street Records” is a music store with 17 stores in the New-Zealand. Initially they started their business with one store at Wellington in 1978 that sell all the music entertainment products. Their business became popular in four years because they provide products with warranty. Then they expanded their business and maintain a store in the Auckland. According to the owner of the store they are employing minimum 20 people in each store that handles store. They provide special training to the staff that holds the promises for customer satisfaction. Customer Service of their store is appreciated by every customer and they are getting positive response from the customers. Their business is attracting 15% more customers in every year that increased their business revenue. They come with special discounts to the customers and bonus points to the ember that are registered with their company.

## Current Problem

From the last three years their business revenue is decreasing because of the increment of their competitors. “State Street Records” are existed in the cities that create problems for the customers of the small town demands to have their stores in nearby places because they need to visit city to buy product. So they purchase products from local stores. Most customers relay on digital media but company does not have digital interface for their business with the customers.

## Purpose & Scope

Here I am writing this document to propose a key solution that will increase the customers and increase the business revenue. The scope of this project will be to build a website for online selling products of this company that helps to increase the awareness of customer for the products of the company. Their competitors are also not doing online business. So it will work as a profitable tool for this company to improve their revenue because they will sell their products online. This idea will bring a huge change for the company that will change their reputation and scale all over. To build this website some resources required such as Hardware, team to develop and analyse this project so this project will require a team of three members that will manage, build and analyse this project. The timeframe to complete this project will be 2 months.

# Chapter – 2 (Business Case)

## Introduction

This chapter introducing the business case which is the initiation of the project that defines why, what, how and who of the project in structured manner. It is required to authorisation of project that means it should be reviewed by the stakeholders for the acceptance and rejection. It is written as a document that involves defence for the responsibility of a project based upon implementation and development cost against risk and business profit. (Kenneth, 2014)

(Mallory, 2012) Business case analysis is required for the project selection. This analyses how achieving the business case for project will implement the business analyses and tolerate the improvement of company. It holds the justification for activities and benchmark that measure project benefits. It is an important contribution to the project plan that is created by the project sponsor. Business case perseverance is to deliver senior supervision with desired information for the decision. Business case proposes an IT solution which can develop a business value. Business case is also a legal case that consists of clear statement on cost/benefit analysis for every alternative, objective, impression and findings. IT projects developed to minimise cost, improve customers, achieving expectations of the customers, reliable communication and for building the strong bond between supplier and consumer. (Marchewka, 2012)

## Process to develop Business case

Business case will be developed in structured manner and the structure to process business case is as described in Figure2.1.

Core Team

Define MOV

Identify Alternatives

Analyse Alternatives

Proposed Recommendation

Figure2.1. Business Case Process (Marchewka, 2012)

### Selection of core team

(Hart, 2011). A core team is a set of members that are going to involve in the project. It consists of Leader and Member for every activity with significant role in project development rather than striking all work on single person. All the stakeholders that are affected by the project launch and delivery should be incorporated in business case. Core team provides detailed planning of each task, schedule and the required resources for every activity. In Table2.1 project team will be distributed according to the knowledge and experience of each member because they play crucial role in different activities.

Table2.1. Team Description

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Role | Responsibility | Experience |
| Larry Tupa | Project Manager & Analyst | Ensures the delivery of project with in the budget and on time when this needs to finish. Responsible for managing and resourcing interactions with contributors. Check work flow of the project to complete it on time and keep communicating with the stakeholders. | 8 Years as a Manager at **ProWork Flow** in New-Zealand |
| Grag Chappell | Designer | Will be responsible for converting the requirements into design. Design code to develop a website. | 5 year experience at **Koda web design development** in Takapuna. |
| Helen | Security & Quality Tester | Test website to ensure that it meets to the requirements and running without bugs. Payment method secured and ease of use. (Linton) | Worked as Quality Tester in **A1QA** in **UK.** |

### MOV (Measurable Organizational Value)

(Miller, 2008) Measurable Organizational Value is an alternative term used instead of Return on Investment and also become famous term in the market from past ten years.MOV is defined as an overall goal and measure of success of a project.MOV is useful to measure the success and failure of project on the basis of impact area on project. A project’s MOV must be constructing on the goal and strategy of an organization. With the help of MOV a company or organization can use the resources in effective manner to achieve strategic, customer, operational, social and financial benefits. Following feature of the MOV for the project that needs to be considered:

1. **Measurable:** Measurements need to track the activities and actions to achieve target within budget on the time that results to eliminate the time delay.
2. **Provides value to the organization:** Product should provide value for the organization that needs to allocate the activities, time frame and resources for every member that is involved.
3. **Must be agreed upon:** Stakeholder must need to know the solution and impact of the project on the business. Agreement should be signed first should that they are prepared to achieve the target by considering the time and cost initially.
4. **Must be verifiable:** The ending should have the verified result that can satisfy the client before delivering to the client.

#### Area of impact

Area of impact refines the impact on the business with this project that includes the scope of project or work and overall planning, documentation and also includes the goals of project, tasks and costs and also describes the deadline of project. The areas of impacts are both financial and operational.  

1. **Financial & Operational impact:** The Company needs to expand its revenue by designing online store that will increase the profit and margins of company. This online system the number of customers also increased and company will gain more profit and margins. Project in terms of operational impact it necessary to have an Information Technology Team that consists of Project Manager, Designer and tester. The process will go through operations to achieve the target
2. **Strategic impact:** This project will bring strategic move for the organization as it will be a new innovation which can be beneficial for the organization.

#### Desired value of project

This project brings positive value in business with CD/DVD business cheaper and faster. Online store business brings more profit that related to the present technology used by the customers that prefer online system and home delivery.  As organization will provides both the facility to customers then number of customers will also increase. (Miller, 2008)

1. **Faster:** Designing an online store consumes less time and fast increase in revenue.
2. **Accessible:** This is easy to maintain and control the customers through the devices instead of more employees.
3. **Cheaper:** Does not need to maintain physical store and also no more employee for selling the CD/DVD‘s and for maintaining the stores.
4. **Revenue:** Brings more customers to the company that enhance the business and their position in the market.

#### Appropriate metric

(Lee, 2010) Project metric is measurement through which one is able to measure efficiency, progress, quality, performance and productivity of project. Appropriate metrics as described in Table2.2, improves the decision of an organization and also give the right track to make difference between important and non-important tasks within a project.

Table2.2. MOV Matric

|  |  |
| --- | --- |
| **Year** | **MOV** |
| 2018 | 20% increase in revenue with 100customers |
| 2019 | 30% increase in revenue with 500 customers |
| 2020 | 40% increase in revenue with 1000 Customers |

### Identify Alternatives

All the solution and alternatives that can be implemented to overcome the problem and enhance the business revenue are discussed below:

#### Alternative - 1: E-Business

E-Business is procedure that is used to sell products online. An online store will be designed for the customers where they can place their orders to purchase products. This will make them more comfortable because this will save time, money and efforts to come to city to buy products. E-Businesswill be designed for selling Productsonline which is a progressive idea raised, rather than buying the products from the store. With the E-business website customers will be increased because their competitors does not have online store. Customers feel more comfortable with e-business so this will improve the revenue of the company.

**SDLC Methodology for Alternative-1**

Software Development Life Cycle is a process to design, develop and test the high quality projects or software. It presents convenient way to calculate the time and cost estimation and also produce a high quality project that will be able to meet with customer expectations and also define tasks that are performed at each step in the Software development life cycle. It consists the detailed plan structure that how to design, develop maintain replace or alter a definite software. (Sami, 2012)

**Rapid Prototyping Model of SDLC for Alternative-1:** (Sami, 2012) Raid methodology is used to make prototypes of an object and decomposed an object into slices. It breaks down an object into different layers into a sequence and also relates the different layer with each other in such a way that it will able to build a perfect design for a project. Raid methodology is used to make prototypes of an object and decomposed an object into slices. The process to design and develop this website will be based on Rapid Prototyping model of SDLC methodology to help business profit from this project because this methodology helps to remove the risk of client expectation mismatching with the design as shown in Figure2.2. So design selection can be reviewed and changed according to the expectations by doing analysis again.

1. **Requirement Analysis:** To build an effective website plan & structure is required in initial stage that includes goals and requirements information gathering.
2. **Design:** In this phase the information that we gather initially will be converted into design of the website that will define the look of site.
3. **Implementation:** After the artificial design approval the corporal structure of the website will be start where all the codes for the website will be implemented.
4. **Testing:** Then website development phase will arrive to test that will ensure the compatibility with all widespread browsers. Before launching the website some revisions will be done that will ensure those requirements of the client are going to achieve.
5. **Maintenance:** Review will be done in this phase after six months to verify that functionality of the website meets those objectives. Modification will be done if required.

Design

Requirement Analysis

Start

Prototype

Implementation

Testing

Maintenance

End

Figure2.2. Rapid Prototype Model(Sami, 2012)

#### Alternative – 2: Investing in Building New Stores

This alternative includes the solution to the problem by increasing the number of stores around the city. So that customer can buy product easily that are living in towns. The effect on the business will be positive because the problem for this business was famine of stores. Customers need to come from long distance to buy product. This solution will increase the number of customers that will increase the revenue of the business. To open a new store the whole process will be divided into several stages as shown in Figure2.3 (Retail Business Steps, 2016).

Authorization

Finances Planning

Plan Location

Market Survey

Start

Staff Requirement

Maintenance

Advertise Shop

End

Figure2.3. Process of Building New Store (Retail Business Steps, 2016)

1. **Market Survey:** At this initial state, to open a store first need to be find out what customers are looking for. To know the market of our business a survey will be done in different area which will figure out the competitors and which services of that competitors are not accepted by the customers.
2. **Plan Location:** The location will be decided by surveys and questioners that results where is huge demand for these products and a rental building is meeting store requirements.
3. **Finance Planning:** According to customer needs and location we will figure out with the finance expanses that hoe much can be invested and how much can be collected from the business.
4. **Authorization:** After deciding all the parameters some laws and permits are required that includes federal Tax ID, DUNS number that defines the location of our business and permits certificates (Sale, Health, Fire, Land use, Air & Water pollution).
5. **Staff Recruitment:** To put a significant role to run store honest and experienced staff is very indispensible. For that posting on career websites, evaluate resumes and start interviewing.
6. **Maintenance:** Maintenance will be done at the final stages where all the technical set up will be done by an operator that will set up Till, Safeguard and other if required.
7. **Advertise Shop:** To aware the public for this new store some advertisement will be done on newspapers and pamphlets will be distributed. (Hudson, 2016)

#### Alternative-3: Advertising Business

The reflection of this alternative provides a solution that is related to advertisements of the business through social media (You tube, Facebook, Google advertisement), Newspaper and magazines. Advertisements will be updated day by day so that special discount or offers can be seen to customers. This will effectively increase the business because now days more of the people use social media. If we advertise our business people can aware of discounts, offers, membership benefits and other points. For advertisement process will be done through different phases that are shown in Figure2.4. The process for advertising business will go through cycle because according to the requirement changes will be required in each year in terms of media and advertising way.

Gather Information

Budget Analysis

Update

Select Media

Advertise

Figure2.4. Process to Advertise Business

1. **Gather Information:** In this initial phase the information will be gathered about the Medias that will be suitable for this business to advertise by doing some analysis online and manually.
2. **Budget Analysis:** The information that we collected for the different media will reproduce their level and budget that is required to be invested. In this phase all the budget will be calculated.
3. **Selection of Media:** Media will be selected according to the budget and popularity analysis that will provide better revenue to the business.
4. **Advertise:** After selecting the media business advertisement will be done by choosing special pages and space on the newspaper and here dates and time will be decided to advertise on social media and newspapers.
5. **Updates:** After advertising the business updates will be collected form the public that it is meeting to the level expected by the customer. If any change would be required will be done and keep updating the advertisements according to the running deals on the products.

### Feasibility Analysis

(Marchewka, 2012) Feasibility is an ability to achieve success. The feasibility is used to determine the success of the project that we are going to do. Risk measures the assumptions which things can go wrong. The idea to conduct feasibility study is very smart called investigating function before developing a project because it provides better results that idea will be good or not so this will help to save time and money as well. Feasibility study will appear that proposal can work with probable cash flow.

State Street Records sells products with in their store. They provide warranty of each product that is why most customers like their products. But the problem is, customers those lives in towns cannot come to cities to buy their product so they prefer local stores to buy products. Due to that business is losing their customer.

#### Feasibility Analysis of Alternative-1: E-Business

This analysis will be done to see the solution that we are offering will be successful in terms of time and budget. The solution to this problem is to design e-business so that they can buy product online without any problem. Online store will provide full security for their cards that they will use for the payment, discounts for the members and other customers that buy products more than two times. All the customer history who will visit this website will be stored in the database so that customer estimation can be done to check the increment and decrements. With this revenue of the company will be increased.

1. **Organization Feasibility:** Organization feasibility is discussed to understand that problem can be solved or not. Here the problem is decreased number of the customers that are living in towns due to the store are placed very far from them. The solution to this problem will be e-business. This company is running their business in 17 cities of New-Zealand. An online store of this company will help to explore their business through all the New-Zealand because customers can purchase their products online those are living far from the cities. This online store will be fully secured and licensed. That means all the rules and regulation under the government laws will be followed by this online store website.
2. **Technical Feasibility:** Technical feasibility considered to know that this solution can become practically done. The development of online store is entirely practical and successful way out for this present problem. Existing business is running in existing stores so that some technical resources are required to develop this store. These resources are some software and some hardware because website will be built by using them. Database will be required to store the data that means number of customers who will visit, buy and the product that we will sell through this website.
3. **Schedule Feasibility:** Schedule feasibility defines the completion of project with planned schedule. The value of schedule feasibility becomes high when the project can be completed on the time. The project should be completed in the timeframe as demanded by the customer. Time duration will be divided to all team members for different activities. The scheduling for the every task will be considered before starting this project that will help to complete project with in time frame.
4. **Economic Feasibility:** Economic feasibility explains the money that is investing on the project and the benefits that can be achieved from that solution. The economic feasibility of the all the solution will be shown with different analysis.
5. **Cost Analysis:** The cost that will be invested directly and indirectly on the project is considered. Appendix A introduces all the resources cost and team salary that is going to develop the project. In this project co.nz domain will be selected for the website which will cost 19.99 for the first year and then it will be 37.98 for each year and SQL server database will be used to store the information or record of the customers. The team would be of three members in which Project manager would be recruited on $110/h for 25h, Developer that is going to develop code and design website would be hire on $70/h for 30h and tester would be recruited on $75/h for 5h.
6. **Benefit Analysis:** In the benefit analysis is going to assume Increase in revenue that is 500 customers in 1st year, 1500 customers in second year and 4000 customer in third year. Analysis described in the Table2.4 below.

First Year

Total Sold Product = Number of Customer \* Item Purchase……………... (1)

= 100 \* 2 =200

Revenue = Total Sold Product \* Net price of Product……………………. (2)

= 200 \* $ 30 = $ 6,000

Second Year

Total Sold Product = 500\*3 = 1500

Revenue = 1500\*$30 = $45,000

Third Year

Total Sold Product = 1000 \* 5 = 5000

Revenue = 5000 \* $ 30 = $150,000

Total benefit = Net Benefit\* Revenue........................................................... (3)

(See Appendix A for detailed information)

By calculating Cost-Benefit analysis with E-Business we have some figure to find out different analysis to choose the best alternative.

1. **Break Even Analysis:** This analysis is performed before starting project that helps to indicate that the idea that is going to be implemented is worth shadowing. Analysis helps to select way-out best valuing for project. The calculation for this can be done through the prices of fixed and variable costs that calculate how much product company needs to be selling to cover these costs (Richards, 2016).

In the E-business fixed costs can be considered of Domain and Web hosting. Money need to renew license for the website each year so that also comes into fixed costs. The products price that we are going to sell can be vary with the time or condition. Variable cost includes the cost that we spent to purchase products from vendors, salary charges etc.

Fixed cost/Year = $37.98 + $1,000 + $1,000 = $2,038

Variable cost/ product = $20 and Sale Price/product = $30

Fixed Cost

Break Even Point = ……………………….. (4)

Sale Price - Variable cost

BEP = $2038/$30-$20 = 203.8

They need to sell 204 products of $30 to cover this cost that we spend in each year on the business.

1. **Pay back Analysis:** This analysis required to find out the year when invested money on the project would be recovered. This period helps to find the success of the solution. If the value of the payback period is too high the solution is not desirable. Table2.5 analyse the payback period for the online store with initial investment $9,144 that would be spend for developing an online store.

Table2.3. Payback Analysis of Alternative-1

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Cash Outflow | Invested Money | Cash Inflow |
| Initial | $-9,144 | $-9,144 | $-9,144 |
| 1st Year | $1,200 | $-2,038 | $-9,982 |
| 2nd Year | $13,500 | $-2,038 | $ 1,480 |
| 3rd Year | $60,000 | $-2,038 | $59,442 |

As analysed from the table that payback period will be between the first and second year where all the money invested can be get back.

1. **Return on investment Analysis:** This used as an indicator to analyse financial performance of the company. This investment usually measured by considering the cost and benefit that expected from every project (Marchewka, 2012).

ROI= Total Benefit / Total Investment \* 100………………… (5)

=$74,700/$15,258\*100 = 48.95%

#### Feasibility Analysis of Alternative-2: Investing in New store

Second alternative provides solution to overcome the problem of customer by building a new store. For this alternative feasibility analysis would be done to see how much constructive this idea is.

1. **Organizational Feasibility:** Organizational feasibility will investigate the impact on the organization with new branch. For developing a new store the existing staff should be able to adopt the changes in the organization. For the future the staff can be shifted from the city store to new store. So they should be prepared for this change.
2. **Technical Feasibility:** Technical feasibility considers the technology and the technical resources that would be requisite for this new store. New store will require internet facility, desktop and payment till for the secure payment, some security cameras and setup of the product with prices.
3. **Economic Feasibility:** Economic feasibility reflects the cost that would be mandatory to build a successful project and how much benefit would be directed. To do this some analysis are done below:
4. **Cost analysis:** The cost that we will invent on this business includes the land or store rent as designated in Appendix-A. This store will be opened in the Manukau, Auckland in front of Westfield mall. The Rent for this store is $35,800 for the first year and we will assume little bit more than the first year because this cost can be high in future terms. The internal infrastructure of the store would be changed according to the requirement of our business so some shelves or other furniture would be required. The future charges will be included for the electricity & internet changes, maintenance, and rent.
5. **Benefit Analysis:** The benefit for this alternative will assume for this alternative is revenue of the store will be increased with 600 customers in first year and for the second year this would be 1000. Please see Appendix-A for detailed information.

First Year

Total Sold Product = 100\*2=200, from (1)

Revenue = 200 \* $32 = $6,400, from (2)

Second Year

Total Sold Product = 300\*3 = 900

Revenue = 900\*$32 = $28,800

Third Year

Total Sold Product = 800\*3 = 2,400

Revenue = 2,400\*$32 = $76,800

Total benefit = Net Benefit\* Revenue

1. **Break-Even Analysis:** This alternative includes fixed cost that consists of store rent, electricity bill, maintenance and salary of employee. Variable cost for this solution would be price of the product that much we spent to purchase from the vendors.

Fixed cost / Year=$36,000 + $1,575 + $1,000 = $38,575

Variable cost / Product=$22, Sale Price / product = $32

From equation (4)

BEP = $38,575 / ($32-$22) = 3857

In this scenario 3875 products need to sell of $32 each to get spent money back.

1. **Payback Analysis:** To build new stores the invested money as we considered earlier is $48,800. This money includes all the resources that purchased to start a new store.

Table2.4. Payback Analysis of Alternative-2

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Cash Outflow | Invested Money | Cash Inflow |
| Initial | $-48,800 | $-48,800 | $-48,800 |
| 2nd Year | $4,320 | $-38,870 | $-121,605 |
| 3rd Year | $23,040 | $-39,575 | $-138,140 |

The payback analysis for developing a new store will be after four years if number of customer will increase in the following years as shown in Table2.8.

1. **Return on Investment:** This scenario will consider all investment that we will invest to run a new store and the benefits that we will achieve from this store within three years. According to equation (5)

ROI = 27,680 /165,820 \* 100 = 16.69%

#### Feasibility analysis of Alternative-3: Advertising Business

This alternative would be done to improve the revenue of the business. To check the alternative will provide cost and time effective solution or not some analysis will be done.

1. **Technical Feasibility:** For the alternative to advertise the business on social as well as with the newspapers, technical feasibility would be conducted to ensure that running business has ability to provide or have those resources to support it. The resources those are required for this alternative is to have brief knowledge about the advertisement Medias and regularly updates their advertisement. Internet is essential for that inside the store.
2. **Organizational Feasibility:** This alternative will impact on the organization. Due to this change the working staff would be adopt the change for this. So they should have brief knowledge for the advertisement updates and changes.
3. **Economic Feasibility**: This feasibility would be conducted to ensure rate of return to cover the invested cost over the alternative. To check the sufficient profit margin to make this alternative worthwhile economic study will be conducted with various analyses.
4. **Cost Analysis:** This solution considers the cost that will be used to advertising the business on the social media, Newspapers and magazines. For advertising on social media Facebook, Goggle and you tube will be selected because these three resources are most famous now a days. Most of people use these media daily. For advertising on the Facebook the charges would be per month for our business. The charges for our advertisement would be $200 per month if we will do advertisement at the right side of page. In the second year we will select centre of the page to advertise which would be charged $250/m. The Google charges depend on the click on the advertisement. When customer will click on that advertisement they will charge us $0.25. You tube charges would be depend on per play. If someone play our advertisement you tube would be charge us $0.20 (Newberry, 2016).

On the other hand advertisement in the newspaper and magazines would be depends upon the size and page number on which we want to print our business advertisement. Their charges would be annually on the Herald newspaper. See Appendix-A for tabular information.

1. **Benefit Analysis:** Benefit analysis of this alternative will be increase in revenue and will be described in Table2.10. This would assume that 150 customer will be increased with this solution in the first year, 300 in second year and 800 customers in third year.

First Year

Total Sold Product = 80\*2=160, from (1)

Revenue = 160 \* $30 = $4,800, from (2)

Second Year

Total Sold Product = 200\*3 = 600

Revenue = 600\*$30 = $18,000

Third Year

Total Sold Product = 500\*5 = 2,500

Revenue = 2,500\*$30 = $75,000

Total benefit = Net Benefit\* Revenue

1. **Break Even Analysis:** Advertisement with various media scenario reflects cost that is used every year to do advertisements on social media, magazines and News-papers. Variable cost would be same as we discussed for above conditions.

Fixed Cost = $2,400 + $1,000 + $800 + $1,736.06 + $813.78 + $3,200$ + 2,500 = $14,725

Sale Price per product = $30, Variable Cost per product = $20

According to equation (4)

BEP= $14,725 / ($30-$20) = 1472.5

That outlines 1473 products of price $30 would be sell in each year to cover the money would be invested on each year.

1. **Payback Period Analysis:** To conclude the number of year required to get invested money back this analysis would be done in Table2.11. For investigate the time to achieve their invested money cash inflows and outflows of every year would be considered.

Table2.5. Payback Analysis of Alternative-3

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Cash Outflow | Invested Money | Cash Inflow |
| Initial | $-12,450 | $-12,450 | $-12,450 |
| 1st Year | $240 | $14, 725 | $-26,935 |
| 2nd Year | $1,800 | $-17,896 | $-43,031 |
| 3rd Year | $15,000 | $-14,725 | $-42,756 |

The payback period for this alternative would be after three years if their revenue would be increase with number of customers.

1. **Return on Investment:** The return on investment for this alternative will consider all the cost that will be spent to advertising of the business through the media, other resources and the benefits that will be expected from this alternative.

From Equation (5)

ROI = $ 17,040/$59,796 \* 100 = 28.49%

### Proposed Recommendation

From the analysis discussed in economic feasibility of each alternative defines that Return on investment for the alternative building new store is 16% and the payback period is more than 4 years so that alternative dost not indicate the perfect solution for the current problem. On the other hand return on investment is 28% for the advertising the business over several media but payback period is very high as can be seen in Table2.12 and does not guaranteed to improve revenue at high level.

So the proposed alternative would be building an E-Business for the running business that would be supportive to improve revenue with 50% return on investment and payback period is very short that is between second and third year.

Table2.6. Alternatives Analysis

|  |  |  |  |
| --- | --- | --- | --- |
| Analysis | Alternative-1 | Alternative-2 | Alternative-3 |
| Total Cost | $15,258 | $165,820 | $17,040 |
| Total Benefit | $74,700 | $27,680 | $59,796 |
| ROI | 48.95% | 16.69% | 28.49% |
| Payback Period | 1-2 Years | After 3 Years | After 3 Years |
| BEP | 203.8 | 3857 | 1472.5 |

## Chapter Objectives

This chapter summarise the business case for the problem and present measurable organizational value for the E-Business for organization. Analysis of the all the possible solution has done in this chapter by analysing its return on investment, payback period and breakeven point which provides a recommended solution to the current problem of the organization.

# Chapter – 3 (Project Charter)

## Introduction

This chapter introduces the current problem of the business and recommended solution key that is E-Business. The necessities and planning of the E-Business is introduced in the chapter. The delinquent in the current business is the revenue of the company from the last three years become stable because the increment of the competitors. “State Street Records” stores are existed in the cities that create problems for the customers of the small town demands to have their stores in nearby places because they need to visit city to purchase product. So they purchase products from local stores. E-Business will be implemented to grow business and customer interest.

## Stakeholders

(Usmani, 2015)The persons those are affected by the actions of organization are considered as stakeholders. That can be internal or external.

### Internal Stakeholder

The internal stakeholders are considered the persons those are involved in the organization and affected by this change are introduced in the following Table3.1 with their contact details.

Table3.1 Internal Stakeholder

|  |  |  |
| --- | --- | --- |
| Name | Role | Contact Details |
| Steve Johnson | Project Owner | 0210381957  Steve\_johnson88@yahoo.co.nz |
| Larry Tupa | Project Manager | 0220781943  Tupai\_levia@prowork.co.nz |
| Grag Chappel | Web Developer | 0213895672  Chappel01\_grag@designgo.com |
| Helen Clark | Quality Tester | 0270769194  Helenclark1983 @.co.nz |

### External Stakeholder

External stakeholders are considered those are affected by this change externally.

* Government
* Customer
* Supplier
* Media

### Stakeholder Analysis

(Thompson, 2017) Analysis of stakeholder is done to introduce the impact on the project and power they have to change the results and goals of the project that will be considered under influence. The following table introduce the stakeholder strategy they must have to perform and impact on the project.

Table3.2. Stakeholder Analysis

|  |  |  |  |
| --- | --- | --- | --- |
| Stakeholder | Influence | Objective | Strategy |
| Project Manager | High | Ensures the delivery of project with in the budget and on time when this needs to finish. Responsible for managing and resourcing interactions with contributors. Check work flow of the project to complete it on time and keep communicating with the stakeholders. | Complete Project on time, Observe task, Reviews and Meeting with staff |
| Project Owner | High | Provide funds for the project resources and explain vision to team what he is looking for. Assist Project manager in providing guidance towards the completion of project. | Reviews and meeting with Project manager |
| Project Team | Low | Accomplish tasks allotted by project manager to achieve the target within budget on time. | Work as a team, be transparent and inclusive. |

## Project Goal & Benefits

This project will bring benefits in terms of revenue and growth in customers. As this is a digital domain, internet has become first starter and mutual resource for the communication and purchases of products. Building an online store will contribute as a central intermediate in the business to improve their business by raising customers with easy and cost effective manners. Goal of the project is to raise the level of business in terms of their revenue and reputation in the market. This work embraces focus on customer needs, interest how they will accept business online and showcase the diversity, popularity and features of business.

## Project Scope

### Inside the Scope

The objective of this project will be to build a website for online selling products of this company that helps to increase the awareness of customer for the products of the company. Their competitors are also not doing online business. So it will work as a profitable tool for this company to improve their revenue because they will sell their products online. This idea will bring a huge change for the company that will change their reputation and scale all over. To build this website some resources required such as Hardware, team to develop and analyse this project so this project will require a team of three members that will manage, build and analyse this project. The timeframe to complete this project will be 2 months.

### Out of Scope

The followings things will be considered out of scope

* Product Quality
* Product Delivery
* Customer Service
* Product handling
* Product Cost

## Project Schedule Summary

## Work Breakdown Structure

(Chapman, 2011) Work Breakdown structure explores transparent view of the project’s tasks and activities. To plan a project scheduling of the work is considered that can be shown with the help of breakdown structure.

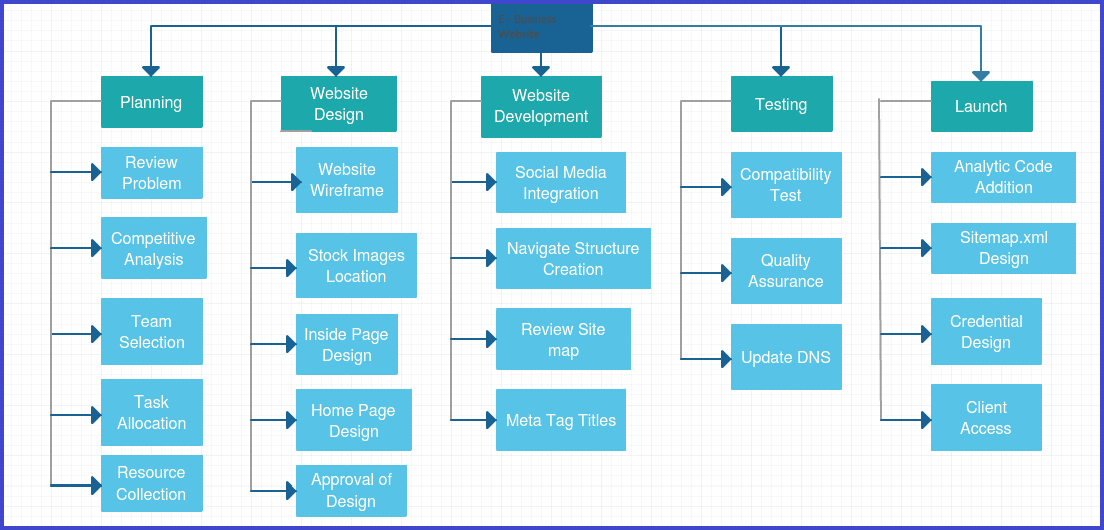


Figure3.1. Work Breakdown Structure

### Project Timeline

The project activities and phases will be scheduled in the beginning to chase the goal and trace the target on time. To complete the project within the timeframe all the activities will be divided as shown in Figure3.2. All the tasks will be scheduled except weekends.

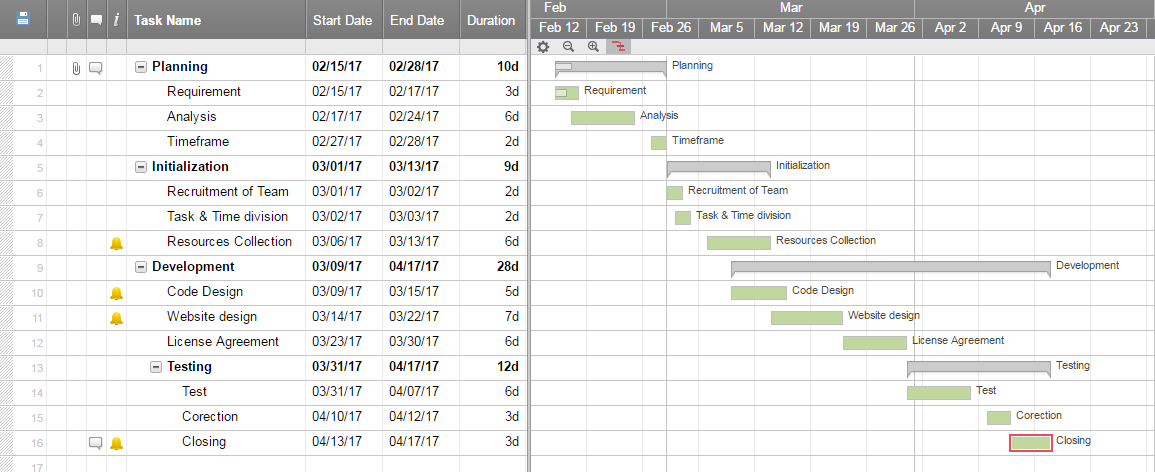


Figure3.2. Project Timeline

### Deliverables

This designates different phases for the project that needs to be going through and on the specific time.

Table3.3. Phases Timeline

|  |  |  |  |
| --- | --- | --- | --- |
| Phase | Activities | Start Time | End Time |
| Planning | * Review existing business * Competitive analysis * Selection of Team * Work assign to team * Resources Collection * Set goals | 15/02/2017 | 13/03/2017 |
| Website Design | * Website wireframe * Approval of design * Stock images location * Home page review * Inside design page * Completion review to client * Client signed on design | 09/03/2017 | 15/03/2017 |
| Website Development | * Social media integration * Navigation structure creation * Review sitemap * Create meta tags titles and description across the website | 15/03/2017 | 30/03/2017 |
| Testing | * Test website quality * Check on different browser to see compatibility * Update DNS records with client domain | 31/03/2017 | 15/04/2017 |
| Launch | * Analytics code addition * Design Sitemap.xml file * Prepare credentials to sign in * Add XML on different browsers and search engines * Provide client access | 17/04/2017 | 17/04/2017 |

### Activity on Node Analysis

Active-on-Node is a terminology, which is part of Project Management that represents set of nodes in circles with diagrammatical structure. It has beginning and end of the one phase of the project, each node is connected with other node by an arrow describes the progress of the project phase. Each task represents with the letter on each node corresponds activity in the schedule as shown in Table3.4. Here designing phase of the project is considered.

Table3.4. Activity Analysis

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Description | Estimated Time | Predecessor |
| A | Set goals | 1d |  |
| B | Website wireframe | 1d | A |
| C | Stock images location | 1d | A,B |
| D | Home page Design & Review | 2d | B,C |
| E | Client signed on design | 1d | D |

Also helps to find out the sequence order of tasks or activities. It is helpful in finding out the Lead and Lag of Project. It is utmost effective technique to find the Critical Path (Taylor, 2012).

1. A+B+D+E = 5
2. A+C+D+E = 5
3. A+B+C+D+E = 6

Figure3.3. Activity on Node

From the above Figure3.3 network introduces number of paths from the start up to the end of designing phase of the project. Critical path is Path (A+B+C+D+E =6), which is the longest path with that design of the website can complete without any risk.

## Assumptions and Risks

### Issue Implications

This project will depend on partnerships to get success such as Management Provision, Approaches and key decisions, Management Selection and Project Dependencies.

### Risk Management

IT Risk Management aims to control risks that may be arising with operation ownership and adoption of new technology as described in Table3.5 risks of project. Risk management is a way by which an IT manager tries to manage the economic and operational costs and another risks (Marchewka, 2012).

Table3.5 Risk Management

|  |  |  |  |
| --- | --- | --- | --- |
| Potential Risks | Probability | Potential Loss | Mitigation |
| Under Estimation  Of Time & Cost | Low | High | Manage the time & Cost to achieve the value of time and cost for the project. |
| Communication Gap | High | Low | Fix dates after week for meeting to check the progress and discussion on project. |
| Employment Changes | Low | Very High | Recruit required employee. |
| Requirement Changes | High | High | Clear the effects due to change and change feature. |
| Competing Interest | High | High | Engage significant communities, requirement and expectations. |

## Project Administration

### Communication Plan

Communication plan comprises resources and way to ensure well timed and proper collection and information of the progress of project. Those involve media of team communication to share information, complications and improvement of project to achieve the target on time within the budget. The following procedures will be conducted to interact with the team members for the updates of the running project status.

Table3.6. Communication Plan

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Type | Holder | Spectator | Frequency | Media | Medium |
| Kick off Meeting | PM | Team  Members | At starting | Hard Copy | Face to Face Forum Meeting |
| Team Members Meetings | PM | Team members | Day after to till the end of project | Project dashboard and Meeting | Every Monday 10:30 am to 11:30 am |
| Detailed Project Status | PM | Team members | As needed | Hard Copy | Fortnight |
| Business Analysis | TM | Team members | To be decided | Written documents with graphics, presentation and prototypes | Email and Conference Meeting |
| Reports | PM | Sponsor | Schedule | PDF or Doc in forum | Email |
| Development and Testing Meetings | PM | Developers and Tester | As per need | Meeting or Email | Every Thursday 10:30 am to 11:30 |
| Disclosure | Project Manager | Client and Team | As needed | Face to Face Meeting | At last Stage |

### Quality Management Plan

Quality management plan helps that how quality will be organized throughout the life cycle of a project.it also defines the adequate level of quality and also fortify adequate level of quality in its deliverable and work processes. It also ensures that all activities are performed efficiently throughout the life cycle of project as documented. Quality management also controls activities and also monitor, substantiate that project deliverables meet the standards of quality (Marchewka, 2012).

In this project the project manager also organized the tasks in such a way that it will able to reach at the adequate level of quality throughout the life cycle of project. The eminence of project will be managed at the operational level throughput. The project Manager also take important information from quality assurance analyst who will develop test plans, cases and also test scripts for projects and also assigned the tasks among the team members. Quality analysts will also applying the various practices and principles of quality assurance throughout the (SDLC) software development life cycle. The quality analyst also managing all the activities in such a way that all the objectives will meet.

## Chapter Objectives

Chapter objectives are based on the project planning and scheduling which includes the required tasks and resources for the project to complete it with in time frame to meet the goals. The process for the project is divided into several phases which introduced different tasks and activities. For the scheduling Gantt chart is introduces and network diagram for the activities of designing phase to find the critical path for that phase. This chapter also focused on the risks of the project that can be established during the project and can be affected to its results and goals.

# Conclusion

This report established a solution to the problem for the State Street Records to improve their reputation and business revenue in the market. To improve the business margin customer demands required to be considered. Customers interest relay on digital media in this technology era so the solution should be related to technology.

This report proposed three possible solutions to the company to enhance their business that is E-Business, invest in new store and advertise business through different media. The analysis of these solutions has been done on the basis of their cost and benefits analysis. The feasibility study of proves that the E-Business will be best solution to improve number of customers to increase company’s revenue in terms of ROI (48.95%), payback period (1-2 years) and Breakeven point (204) because their benefit is more in terms of number of customers. This solution will provide an updated platform to the organization to run business.

The recommended solution has been divided into several phases and activities and scheduled in such a manner so that this can be completed on time. The schedule of the entire project is described with Gantt chart. The project team and resources that are required to complete this project is also discussed in this report. This document also identify risk that can be recognised during the project and also provide solution to mitigate that solutions. A communication plan is also documented that help to maintain strong bond between the entire team of the project to meet the goal and objectives.

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# APPENDIX-1

1. **Cost & Benefit Analysis of Alternative-1**

Table1. Cost Analysis of Alternative-1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cost | Roles Resources | Initial Cost | 1st Year | 2nd Year | 3rd Year |
| Software Cost | Domain Hosting(.co.nz) | $19.99 | $37.98 | $37.98 | $37.98 |
| Database | $600 |  |  |  |
| Visual Studio | $499 |  |  |  |
| Web Hosting | $1,000 | $1,000 | $1,000 | $1,000 |
| Team Cost | PM (110/h) | $3,750 |  |  |  |
| Developer($70/h) | $2,6 00 |  |  |  |
| Tester($75/h) | $675 |  |  |  |
| Other Costs | Maintenance |  | $1,000 | $1,000 | $1,000 |
| Total |  | $9,144 | $2,038 | $2,038 | $2,038 |

Table2. Benefit Analysis for Alternative-1

|  |  |  |  |
| --- | --- | --- | --- |
| Benefit | 1st Year | 2nd Year | 3rd Year |
| Customer Visit | 500 | 1500 | 4000 |
| Customer purchased | 100 | 500 | 1000 |
| Avg. No. of Products purchased by customer | 2 | 3 | 5 |
| Business Revenue | $6,000 | $45,000 | $150,000 |
| Net Benefit | 20% | 30% | 40% |
| Total | $1,200 | $13,500 | $60,000 |

1. **Cost & Benefit Analysis of Alternative-2**

Table3. Cost Analysis of Alternative-2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cost | Roles &Resources | Initial | 1st Year | 2nd Year | 3rd Year |
| Store Cost | Furniture | $7,000 |  |  |  |
| Electrical Equipment | $1,000 |  |  |  |
| Rent | $35,800 | $36,000 | $36,500 | $37,000 |
| Electricity & Internet bill | $1,350 | $1,575 | $1,370 | $1,575 |
| H/W Cost | Server | $1,000 |  |  |  |
| Computer | $500 |  |  |  |
| Till | $650 |  |  |  |
| Eftops Payment | $200 |  |  |  |
| Other | Setup Operator(20/h) | $200 |  |  |  |
| License | $100 |  |  |  |
| Maintenance | $1,000 | $1,000 | $1,000 | $1,000 |
| Total |  | $48,800 | $38,575 | $38,870 | $39,575 |

Table4. Benefit Analysis of Alternative-2

|  |  |  |  |
| --- | --- | --- | --- |
| Benefit | 1st Year | 2nd Year | 3rd Year |
| Customer Visited | 300 | 500 | 2,000 |
| Customer Purchased | 100 | 300 | 800 |
| Avg. no. of Products purchased by customer | 2 | 3 | 5 |
| Business Revenue | $6,400 | $28,800 | $76,800 |
| Net Benefit | 5% | 15% | 30% |
| Total | $320 | $4,320 | $23,040 |

1. **Cost & Benefit Analysis of Alternative-3**

Table5. Cost Analysis of Alternative-3

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost | Roles &Resources | Initial Cost | 1st Year | 2nd Year |
| Social Media | Facebook | $2,400 | $3,000 | $3,000 |
| Google($.25/c) | $1,000 | $1,875 | $2,000 |
| You Tube($.20/p) | $800 | $1,000 | $1,200 |
| Newspaper | Monday to Friday Herald/A | $1,736.06 | $1,736.06 | $868.03 |
| Weekend Herald/A | $813.78 | $813.78 | $1,627.56 |
| Magazines | Life &Leisure | $3,200 | $3,500 | $4,000 |
| Golf | $2,500 | $2,800 | $5,200 |
| Total |  | $12,450 | $14,725 | $17,896 |

Table6. Benefit Analysis of Alternative-3

|  |  |  |  |
| --- | --- | --- | --- |
| Benefit | 1st Year | 2nd Year | 3rd Year |
| Customer Visited | 400 | 600 | 1,500 |
| Customer Purchased | 80 | 200 | 500 |
| Avg. no. of Products purchased by customer | 2 | 3 | 5 |
| Business Revenue | $4,800 | $18,000 | $75,000 |
| Net Benefit | 5% | 10% | 20% |
| Total | $240 | $1,800 | $15,000 |