

14/10/2017

MODULE 4

PREPARATION OF PROJECT

Meaning of project

Project is scientifically evolved as work plan to achieve a specific objectives within a period of time.

The dictionary meaning of project is scheme, design, proposal that is intended to be achieved.

Each project differs in size, nature, objectives, time and complexities.

Project is unique and not repetitive activities.

Definition

" Project is an approval for a capital investment to develop facilities to provide goods and services"

- World Bank

" Project is an aim , non repetitive with discrete time, financial and technical performance goals"

- Harrison

" Project is whole complex of activities involved in using resources to gain benefits"

- Jillinger

Project Identification

A project having good market is generally selected as a good project by an entrepreneur.

Identifying project is a crucial step in any business and plays a vital role.

Project identification is selection of data, compiling and analysing.

Utilizing the existing resources and facilities without any change in business is known as Additive opportunity.

The opportunities involving new ideas that cause some change in the existing structure are known as Complimentary opportunities.

Project identification involves the following ways:

- 1) Observation
- It is very important source of project idea. It includes observation on product and service with the available raw materials or skills to produce good products.

- 2) Trade and professional magazine
- This keeps a person in touch with latest development and trends.

- 3) Bulletins of research institutions
- Provide new ideas based on the findings which is published in bulletins.

- 4) Government Sources
- They also provide useful information that helps in identification of new project ideas.

The project ideas can also be discovered from other sources.

- a) Customer needs
- b) Emergency trends
- c) Government policy
- d) Ideas
- e) Trade fairs
- f) Observation of market
- g) Competitors' products
- h) Idea by friends and relatives

Project Selection

It starts from where project identification ends. One of the well known tool SWOT is used for analysing. Project selection includes the following :

1) Technology

Is required to develop a project

2) Equipment

The availability of equipment should be studied

3) Investment size

Study of investment should be made rationally and accurately

4) Location

Suitable location for project

5) Marketing

The product should be marketable

Project report need and significance

Project report is a written document which has a greater significance for the entrepreneur.

The project report essential serves two functions :

- 1) A road map that shows direction to the goals
- 2) How to achieve them

Contents of project reports

1) General information

The report should contain general information regarding the company, profile, product details and specification

2) Promoters

Details of promoters like name, education, qualification, work experience, etc are provided

3) Location

Details like location of project like lease or own are to be indicated.

4) Land and building

Details of area of lands, type of construction, cost of construction, detailed plan are included

5) Plan and machinery

Detail of machinery like cost, supplier has to be included

6) Capital requirement and growth

Information about all item of cost should be carefully collected

7) Operational requirement and cost

Information like fuel, power, labour, utilities, maintenance etc are included

8) Production process

Description like process chart, alternative technologies are provided

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9) Raw Material

List of raw materials required, its quality and quantity, sources of supply, cost are provided

10) Man Power

Details of manpower required including skill, semi-skill, cost of manpower, cost of training are provided

11) Products

Products produced and standards are to be mentioned

12) Market

Target user, distribution channel, selling price, estimation sales are included

13) Economic Analysis

Profits, return on investments, break even, market share are included

14) Working Capital

Requirement of working capital, source of working capital, nature are to be provided.

15) Requirement of funds

Break up of project costs in term of land, building, machinery are to be included.

Project Formulation

It involves step by step investigation and development of project.

A general set of information given in a project report is listed below:

1. General Information

It includes the following:

a. Biodata of promoter

Name and address, qualification, experiences are included

b. Industry Profile

Analysis of industry to which project belongs are included

c. Constitution and organization

Constitution and organization structure of enterprise are included

2. Project Description

a. Site

Location of enterprise owned or leased are included

b. Physical Infrastructure

Availability of infrastructure like raw materials and skilled labours are included

c. Utilities

The details of utilities like power required and requirement of food, water are clearly stated

d. Pollution Control

The points like nature, scope of dump s, sewage system are mention.

e. Communication System

Details of availability of communication facilities like telephone, fax are included

f. Transport facilities

Requirement of transport and need of transport are included.

g. Machinery and equipment

A complete list of machinery and equipments, source of supply, cost of machinery are included.

h. Capacity of the plant

The installed and licensed capacity of the plant should be mentioned

i. Technology selected and R&D activity

The technology selected, source of technology are to be included

3. Market Potential

Details like demand, supply situation, distribution channels are to be followed

4. Capital costs and source of finance

Detailed estimation of various capital, land, building, plant, machinery, cost of installation are to be mentioned

5. Assessment of working capital requirement

The requirement of working capital with source of supply should be included.

6. Other financial aspects

Like cost of production, projected profits, expected sales, revenues, loss are included.

7. Economic and social variables

As a part of social responsibility any damage to the society and the cost to control the damage like pollution control, etc have to be mentioned.

8. Project Implementation

At the end, details of schedule of implementation of various task are to be included.

*** Guidelines by Planning Commission for Project Report

Planning commission of India issues some guidelines for preparing project reports.

The project formulation involves identification of investment by the enterprise and administrative ministry of planning commission.

Summary of guidelines by planning commission are presented here:

1. General Information

Includes analysis of industry to which it belongs.

The report describes the type of industry, priority, past performance, role of public sector, funds and information about enterprise.

2. Preliminary analysis of alternatives

Details like gap between the demand and supply, proposed products, availability of capacity, list of all existing plans, list of proposed projects are to be presented.

3. Project description

The feasibility report should provide description of the technology, process selected for the projects, selection of locations, plans, population, water, land, environment, pollution etc to be provided.

4. Marketing plan

Details like marketing plan, demand, target price are to be presented.

5. Capital requirement and cost

Information regarding the capital requirement and cost are to be provided.

6. Operational requirements and cost

Cost for commercial production are called operational cost. Cost for raw materials, fuels, salary etc are to be included.

7. Financial Analysis

It includes balance sheets, clearance foreign exchange, income tax, incentives etc.

8. Economic Analysis

Social profitability analysis is to be made like foreign trade, direct cost etc.

9. Miscellaneous Aspects

Depending upon the nature and size of operation of particular project and relevant information may be included.

27/10/2012

Chapter : Enterprise Resource planning

Enterprise resource planning (ERP) is an enterprise backbone that integrate:

(i) Business operation and

(ii) Information system

within the manufacturing, logistics, distribution, accounting, finance of human resource of a company.

It organizes an integrate operation such that information flows to make optimum use of resources such as men, material, money and machine.

Enterprise resource planning promises one database, one application and one user interface.



Fig : Enterprise Resource planning

Enterprise resource planning gives a realtime view for core business process such as production, order processing and inventory management.

It maintains common database management system

Enterprise resource planning tracks business resource such as raw material and commitment made by business

such as purchase orders, no matter which department has entered the data into system.

Enterprise resource planning provides integrated modules of

→ Manufacturing

→ Logistics

→ Distribution

→ Accounting

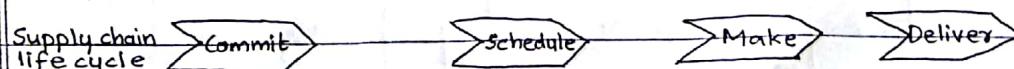
→ Finance

→ Human Resources

Importance:

- Reduce paper documents by easily entering and retrieving information
- Improve cost control
- Fast response and follow up of customer
- More efficient cash collection
- Better monitoring of queries
- Quick response to change in business operation
- Helps to achieve competitive advantage in business process
- Improve supply-demand linkage with remote location and branches in different countries
- Provide a unified customer database
- Improves international operations by supporting tax, structure, multiple currencies and languages

Supply Chain Management (SCM)



Supply Chain Management	Strategic Sourcing and Procurement	Forecast and demand planning Customer order fulfillment services
Functional process	Distributive Network and Warehouse operations	
	Production Logistics	Transportation and Shipment Management

SCM Integrated Solution

The Internet

Shared Market Data

Collaboration Fulfilment

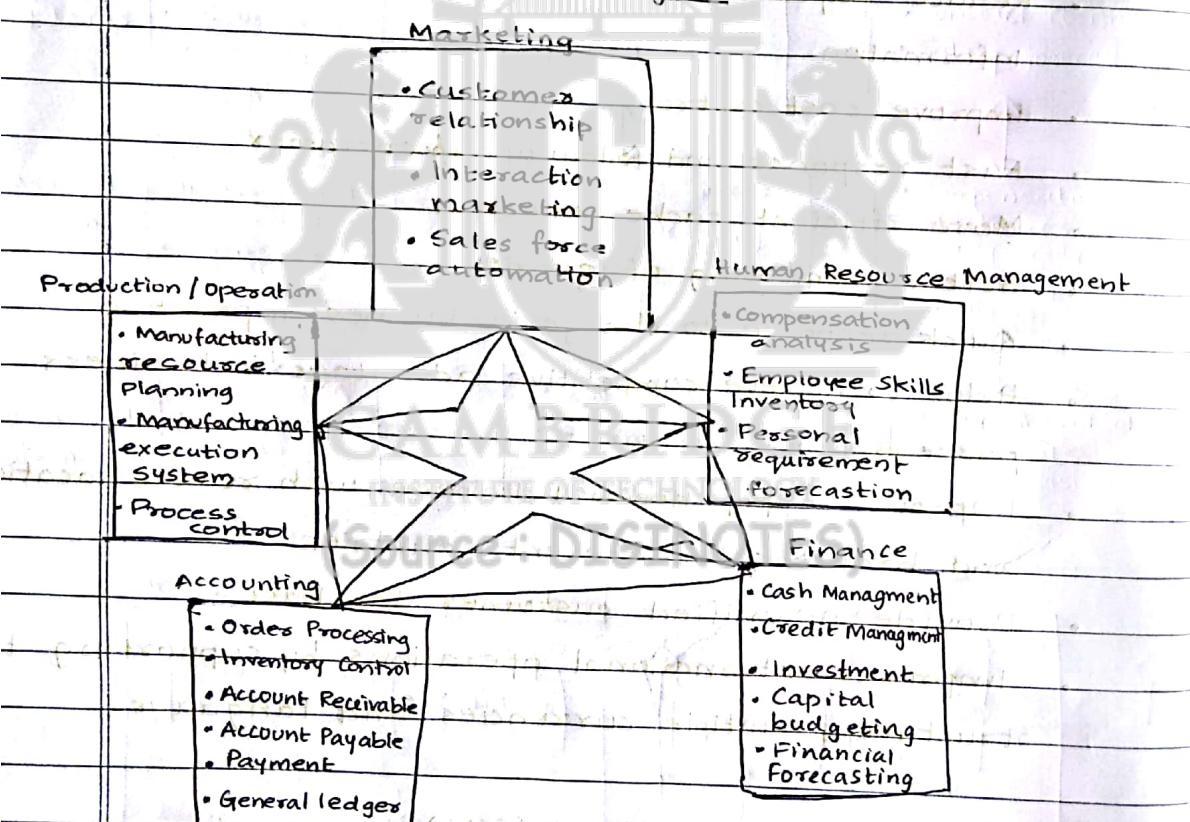
Supplier Manufacturer Retailer Customer

Source : diginotes.in

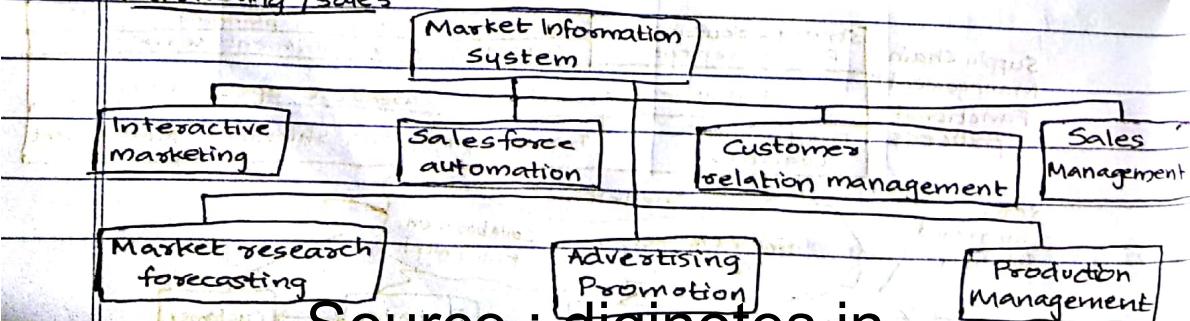
Supply Chain Management helps the company get right product to right place at right time. The main goal of SCM is efficiently manage demand, inventory, business network of relationship with customer, suppliers, distributors and others.

Main goal of SCM is to create fast, efficient, low cost network of business relationship is also called supply chain which is also called value chain. The figure above explain the business process of supply chain life cycle.

Functional areas of Management



Marketing / Sales



* Marketing

As shown in the figure is concerned with planning promotion and sales also development of new product

* Interactive marketing

where customers become the partners in crediting, marketing, purchasing, improving products and services

* Sales force automation

use mobile computing and internet technologies for sales, support and management

* Other systems

assist marketing manager in customer relationship management, product planning, rising, advertising, sales promotion, forecasting etc.

* Interactive marketing

uses Internet, intranet and extranet which establish 2 way transaction between customer and business

* The goal is to use those networks and make customers as partners in business

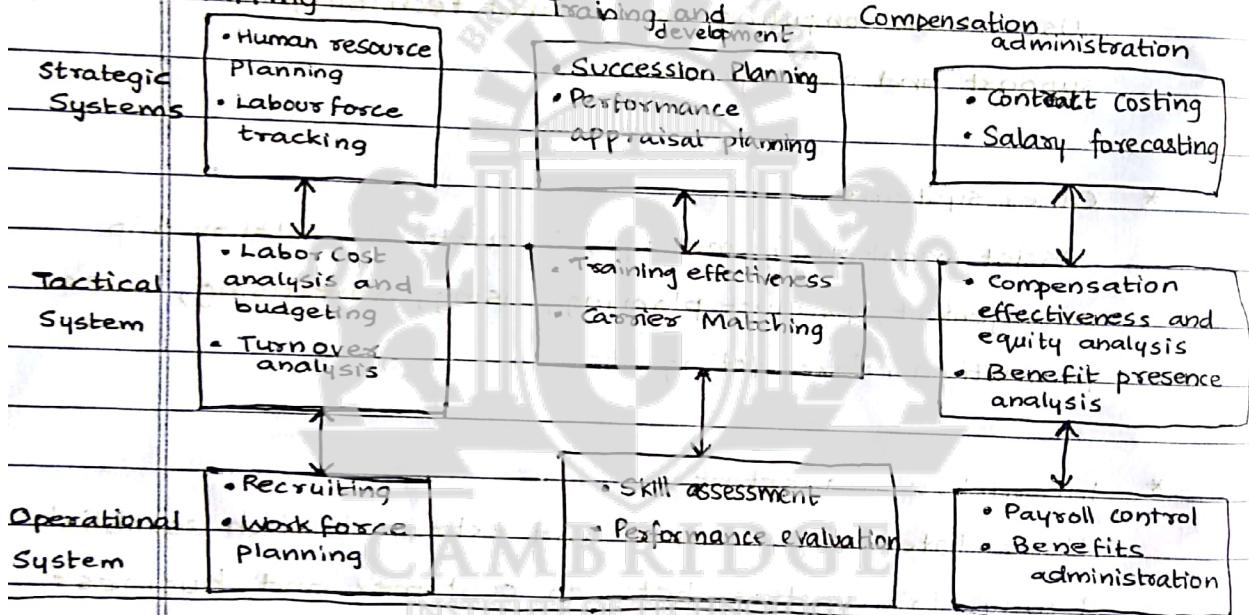
* Customers actively engage in all the process using technologies like chat, discussion groups, web forms, emails, instant messaging etc.

Human Resource Management

Human Resources

- Recruitment, Selection
- Job Placement
- Performance appraisals
- Employee benefits
- Training and development
- Health, Safety Security

Staffing



(Source : DIGINOTES)

Accounting Management

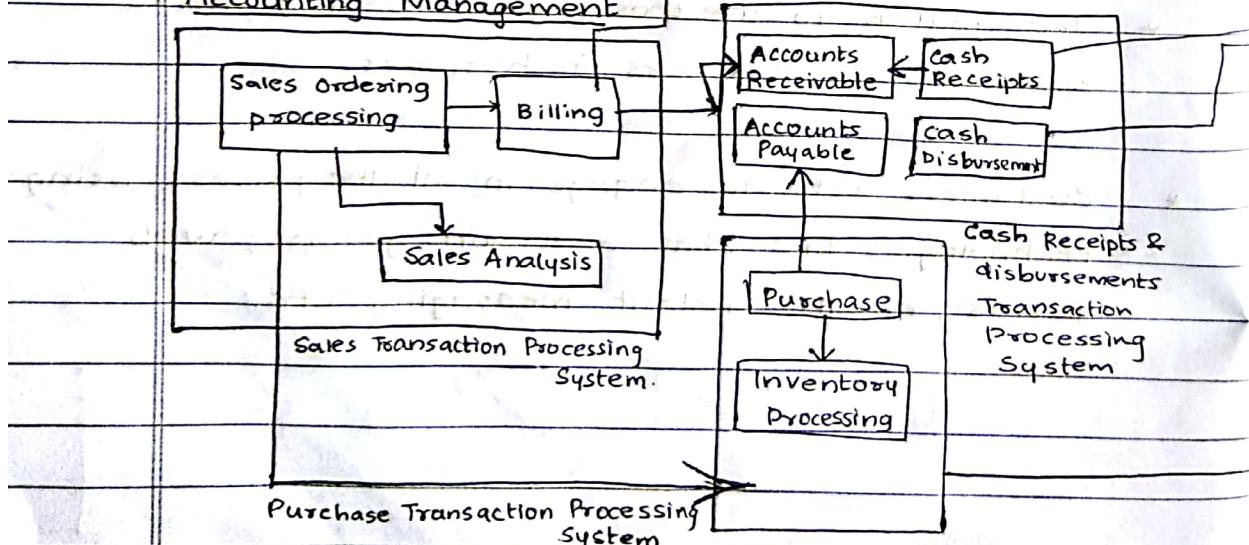


Fig: Account Information System

Human Resource Information System designed to support

- i) Planning - to meet the personal needs of business
- ii) Development of employee
- iii) Control of policies and programs.

Most HR's supports Recruitment, Selection,

Placement, beneficiary, development, safety security etc.

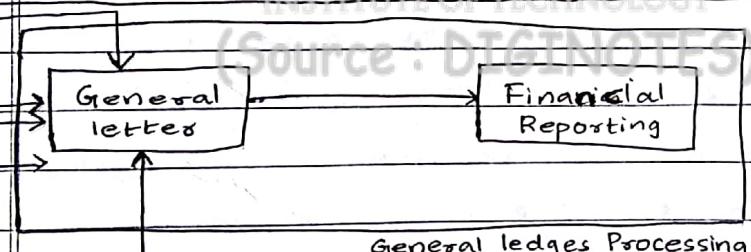
Financial management

principles, organization, rules, standards

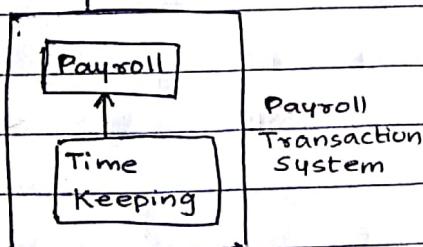
methodology, tools, techniques, standards

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(Source: DIGINOTES)



General ledges Processing and Reporting System



(or Account Management)

Financial Management

computer based financial management as shown in figure supports business managers and professionals.

They support:

- (i) financing of the business
- (ii) The allocation and control of financial resources within a system business
- (iii) Major financial management system (MFMS) categorize which include cash, investment, capital, budgeting and financial planning marketing

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(Source : DIGINOTES)