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Questions

Q1

Identify the characteristics of a project.

1. Definite time limit: A project has a definite time limit it cannot continue forever. What represents the end would normally be spelt out in the set of objectives.
2. Uniqueness: every project is unique and no two project are similar even if the plants are exactly identical or are merely duplicated the location the infrastructure the agencies and the people make each project unique.
3. Teamwork: A project normally consists of delivered areas there will be personnel specialized in their respective areas any project calls for the services of experts from a host of disciplines. Co-ordination among the diverse areas calls for teamwork. Hence, a project can be implemented only with a teamwork.
4. Complexity: A project is a complex set of thousands of varieties. The varieties are in terms of technology of equipment and materials, machinery and people work culture and ethics but they remain interrelated and unless this is so, they either do not belong to the project or will never allow the project to be completed.
5. Sub-contracting: some of the activities may be entrusted to subcontractors to reduce the complexity of the project. Sub-contracting will be advantageous if it reduces the complexity of the project so that the project manager can co-ordinate the remaining activities of the project more effectively. The greater the complexity of the project, the larger will be the extent to which sub- contracting will be resorted.
6. Risk and uncertainty: Every project has risks and uncertainty associated with it. The degree of risk and uncertainty
7. Customer specific nature: A project is always customer specific this is because the products produced on services offered by the project are necessarily to be customer oriented. It is the customer who decides upon the product to be produced or services to be offered and hence it is responsibility of any organization to go for projects services that are suited to customer needs.
8. Change: Changes occur throughout the lifespan of a project as a natural outcome of many environmental factors. The changes may vary from minor changes to major changes, which may have a big impact or ever change the very nature of the project.
9. Forecasting: forecasting the demand for any product/services that the project is going to produce is an important aspect. All projects involve forecasting and in view of the importance attached to forecasting, they must be accurate and based on sound fundamentals.
10. Optimality: A project is always aimed at optimum utilization of resources for the overall development of the organization economy .This is because resources are scarce and have a cost.

Control mechanism: All projects will have pre-designed control mechanism in order to ensure completion of projects within the time schedule, within estimated cost and the save time achieve the desired level of quality and reliability.

Q2.

Outline the responsibilities of a project Manager.

1. To plan thoroughly all aspects of the project involving the active involvement of all functional areas involved in order to obtain and maintain a realistic plan that satisfies their commitment for performance.
2. To control the organ of manpower needed by the project
3. To control the basic technical definition of the project ensuring that “technical” versus “cost” trade –offs determine the specific areas where optimization is necessary .
4. To lead the people and organs assigned to the project at any given point in time
5. To monitor performance, cost and efficiency of all elements of the project and the project as a whole, exercising judgment and leadership in determining the causes of problems and facilitating solutions.
6. To complete the project on schedule and within costs, these being the overall standard by which performance of the project manager is evaluated.

Q3.

State and explain the project preparations process

**Pre-feasibility study**

It has the following main objectives

To determine whether the project offers a promising investment opportunity

1. Determined whether there are any aspect of the project that are critical requiring in- depth investigation by way of market surveys, laboratory tests, pilot plant test etc.
2. The pre-feasibility study should examine
3. The market potential for the selected product/ services, the competitors in the field and their market share, the market forecast the trading practices in the industry in terms of pricing, credit, distribution, government controls etc.
4. The technologies available and technology suitable for the project the manufacturing facilities required etc.
5. The availability and sources of raw materials
6. The plant location
7. The plant capacity
8. Manpower requirement
9. Investment required and the returns expected if the pre-feasibility study indicates that the project is worthwhile the feasibility study is undertaken if the pre-feasibility indicates certain areas of project that need a detailed study, Such studies are taken up before feasibility study. Such studies are known as support studies or functional studies

**Support studies (functional studies)**

Support studies may be conducted in any of the following area.

* Market study
* Raw material/input study
* Project location study
* Plant size study
* Equipment selection study

**Feasibility study**

**Technical feasibility**: For projects, concerning manufacturing activities the technology proposed to be adapted needs careful consideration. Technical feasibility can be evaluated by answering the following questions.

Is the technology proposed to be adapted, the latest?

What is the likelihood of the proposed technology becoming obsolete in the near future?

Is the technology proposed, a proven technology

Is the technology proposed available indigenously?

In case of imported technology, is the technology available freely?

The aim is to analyze whether the technology proposed is capable of producing intended goods / services to the requirements of specifications and to the complete satisfaction of consumers

**Economic viability**

This establishes whether the investment made on the project will give a satisfactory return to the economy. In terms of raw materials, used community as whole, investments etc.

**Commercial Feasibility**

This is in relation to sales volume of products /service, quality, price and consumer acceptability.

**Financial feasibility**

It examine the workability of the project proposal in respect of raising finance to meet the investment required for the project it consist of calculations of cost of debt and equity and the anticipated profit to check up whether the financial benefits expected are in excess of the financial cost involved.

**Detailed Project Report (D P R)**

The main idea of preparation of the DPR is to formally communicate the project promoter’s decision of venturing a new project to financial institutions for their perusal and to government departments for getting their approval.

The main sub divisions of a DPR are:

General information about the project

Background and experience of project promoters

Details and working results of industrial concerns already owned promoted by the project promoters

Details of the proposed project

Plant capacity

Manufacturing process

Technical Known- how / tie –up

Management team for the project

Details of land, building, plant, and machinery

Details of infrastructural facilities

Raw materials requirement /availability

Effluents produced by the project and their treatment

Labor requirement / availability

Schedule of implementation of the project

Project cost

Means of financing the project

Working capital requirement/ arrangements made

Marketing and selling arrangements

Profitability and cash- flow estimates

Mode of repayment of term loan

Government approvals, local body consents and other statutory permissions.

Details of collateral security that can be offered to financial institution.

Q4.

You have been tasked to identify a project, state and explain various through which the project can be identified.

Performance of existing industries

An analysis of profitability and break-even points of different industries will offer adequate information about the financial health of different industrial sectors. One should also consider the stage of business cycle in which the different industries stand at a particular time. A well performing industry might have reach a maturity stage and thus in the process of decline while a poor performing industry might have potential for growth.

Availability of Raw Materials

Easy availability of good quality raw materials at cheaper prices is a definite indication that some project that can make use of those materials can be considered. Availability of mineral may guide or lead to chemical industries while the availability of agricultural produce shows the potential of setting up food processing plant.

Availability of skilled labor

Based on locally available skilled labor force, suitable industries that make better use of the skilled manpower can be identified.

Import/export statistics this may revealed potential that remain untapped. Higher proportion of import of a particular product and increasing trend in its import indicate that a product, which can serve as a substitute, can be produced locally. Similarly higher proportion of import of a particular product and increasing trend in its export indicate higher export potential of a product.

Price trend this may give an indication about the demand-supply relationship. If the general price level of particular price is increasing steadily then it indicates a demand supply gap. Further detailed study may be undertaken to ascertain the extent of demand supply gap.

Data from various sources various publications of government, banks and financial institution, consultancy organization manufacturer’s association ,export promotion councils, research institution and international agencies contain data and statistics which may indicate prospective ventures.

Research laboratories they are concerned with identifying new product or process that offers a new avenue for commercial exploitation, care should be taken to ensure the viability

Consumption abroad those entrepreneurs who are willing to take higher risk can identify project for the manufacture of product or supply of services which are new to the country but extensively use abroad

Identify unfulfilled psychological needs consumer goods like cosmetics, bathing soap, toothpaste etc. are examples. New product of this group being introduce and accepted by the consumers indicate unfulfilled psychological needs of the consumers

Plant outlays and government guidelines government plant of outlays in different sectors loose useful pointers towards possible investment opportunities. They indicate potential demand for goods and services by different sectors of the economy.

Analysis of Economic and Social Trends E.g. the growing desire for leisure points to investment opportunities in recreational activities; rest-houses reason etc. the growing awareness of the value of time points to growing demands for fast-foods, high-speed vehicles, better mode of transport ready-made garments etc.

Possibility of Reviving Sick Units in any economy there are many industrial units that might have become sick, these industrial might still have the capacity to become financial viable. A promising entrepreneurship that has the required entrepreneurship skills can take over weak/sick units, revive it and make it to turn around.

Q5.

Identify the various appraisal techniques.

1. Technical Appraisal
2. Commercial Appraisal
3. Economic Appraisal
4. Financial Appraisal
5. Management Appraisal

Q6.

Discuss the relevance of each appraisal techniques.

**Technical Appraisal**

Technical appraisal broadly involves a critical study of the following aspects.

Scale of operations

Scale of operation is signified by the size of the plant. The plant size mainly depends on the market for the output of the project.

Selections of process/technology: the choice of technology depends on the number/ types available and on the quality and quantity of products proposed to be manufactured.

Raw materials Products can be manufacture using alternative raw materials and with alternative process. The process of manufacture may sometimes vary with the raw materials chosen.

Technical know-how: When the technical know-how for the project is provided by expert consultants, it must be ascertained whether the consultants has the requisite knowledge and experience and whether he has already executed similar projects successfully, care should be taken to avoid self- styled, inexperienced consultants.

Product mix: Consumers differ in their needs and preferences. Hence, variations in size and quality of products are necessary to satisfy the varying needs and preferences of customers. In order to enable the project to produce goods of varying size nature and quality as per requirements of the customers, the production facilities should be planned with an element of flexibility. Such flexibility in the production facilities will help the organization to change the product mix as per customer requirements, which is very essential for the survival and growth of any organization.

Selection and procurements of plant a machinery: when selecting plant machinery several factors need to be considered they include output planned, machine hours required for each operation, machine capacity, machine available in the market etc. plant and machinery form the backbone of any industry the quality of output depends upon the quality of machinery used in processing the raw materials.

Plant layout: This is the arrangement of various production facilities within the production area, plant layout should be so arranged as to ensure steady flow of production and minimizes the overall cost. Some of the consideration include future expansions, supervision required, inspection, safety requirements etc.

Location of projects: Several factors need to be considered in choosing the location of project they include, regional factors – raw materials, proximity to market, availability of labor, availability of supporting industries availability of infrastructure facilities, climatic factors etc.

Project scheduling: this is the arrangement of activities of the project in the order of time in which they are to be performed.

**Commercial Appraisal**

This concerned with the market for the product /service. Commercial appraisal

(Alternatively, market appraisal of a project) is done by studying the commercial successfulness of the product/service offered by the project from the following angles:

* Demand for the product
* Supply position for the product
* Distribution channels
* Pricing of the product
* Government policies

**Economic Appraisal**

Economic appraisal measures the effect of the project overall economy. In the overall interest of the country, the limited stocks of capital and foreign exchange should be put into the best possible use, hence policy makers are concerned as to where the scarce resources can be directed to maximize economic growth of the country, the policy makers make a choice based on economic return.

**Financial Appraisal**

This include appraising the project using the financial tools which include but not limited to the following

**Discounted cash flow techniques**

* Net present value methods
* Internal Rate of return
* Profitability index methods
* Benefit cost ratio method

**Non-discounted cash flow techniques**

* Payback period method
* Accounting rate of return method

**Management Appraisal**

Management is the most important factor that can make a project either a successful or a failure. A good project at the hands of poor management may fail while not-so-good project at the hands of an effective management may succeed. Banks and financial institution that lend money for financing project lay more emphasis on management appraisal. Lending institution looks at two points before committing their funds to project financing.

Capacity of project to repay the loan along with the interest within stipulated period of time.

Willingness of the borrower to repay the loan while the capacity to repay is assessed by technical, commercial and financial appraisals, the willingness to repay is assessed by way of management appraisal.

Other appraisal techniques are quantitative and objective in nature, management appraisal is purely qualitative and subjective in nature.

Integrity, foresightedness, leadership qualities, inter-personal relationship, technical and financial skills, commitment, perseverance etc. are some of the parameters that needs to be studied in management appraisal. The following are some of the factors that will reflect the managerial capabilities of person concerned.

* Industrial relations prevailing in that enterprise
* Morale of employees, the prevailing superior-subordinate r-ship
* Labor turnover
* Labor unrest
* Productivity of employees etc.

Q7.

State and explain the tolls for managing project team

The inputs to managing a project team yield an overview of project team performance and assignments so the project manager can determine what the next steps are. The inputs are:

**Organizational Process Assets** – Organizational process assets are the organization’s policies, procedures, and systems, which can be used to reward the team during the course of a project.

**Project Staff Assignments** – Project Staff Assignments are the list of project duties for team members. Staff Assignments are often used during the monitoring and controlling process group to evaluate individual team members.

**Roles and Responsibilities** – The roles and responsibilities document is used to determine what each team member should be focusing upon and completing.

**Project Organization Charts** – Project Charts represent the reporting relationships among the project team.

**Staffing Management Plan** – The Staffing Management Plan details when team members are needed and list training plans, certification requirements, and compliance issues.

**Team Performance Assessment** - Team Performance Assessments are the documented formal or informal assessment of the project team’s performance. Common indications are staff turnover rates, team dynamics, and skill levels. After analyzing the information, project managers can identify and resolve problems, reduce conflicts, and improve overall teamwork.

**Work Performance Information** – Work Performance information is gathered by observing team members performance while participating in meetings, follow-up on action items, and communicating to others.

**Performance Reports** – Performance reports depict project performance information when compared to the project plan. This provides a basis for determining if corrective actions or preventative actions are need to assure a successful project delivery.

Managing a team involves making justifiable decisions about how to address the issues and problems that arise as part of project work. There are some tools and techniques you can use to manage the project team. Those tools and techniques are:

**Observation and Conversation** - Observation and conversation involves project managers using indicators such as progress toward project goals, interpersonal relationships, and pride in accomplishments and work of project team members.

**Project Performance Appraisals** - Project performance appraisals is a vehicle, which enables team members to receive feedback from supervisors. Performance Appraisals can be used them to clarify team member responsibilities and to develop training plans and future goals.

**Conflict Management** - Conflict management involves the reduction of destructive disagreements within the project team. The project manager can allow the problem to resolve itself or use informal and formal interventions before the conflict damages the project.

**Issue Log** - An issue log is a list of action items and the names of the team members responsible for carrying them out. Issue logs provide project managers with a way to monitor outstanding items. Often in the course of a project, it is necessary to make changes to the way the project is executed. The outputs of the Managing a Project team process are:

**Requested Changes** – Requested Changes are staffing changes either planned or unplanned which can affect the project plan.

When staffing changes, which have the possibility of disrupting the project plan, the change needs to be processed through integrated change control.

**Recommended Corrective Actions** - Recommended corrective actions are to overcoming the addition or removable of a teammate, outsourcing some work, additional training, or actions relating to disciplinary processes.

**Recommended Preventive Actions** - Recommended preventive actions are taken to reduce the impact of anticipated problems. Such actions might include cross training a replacement before a team member leaves the project or clarifying roles to ensure that all project tasks are carried out or added personal time in anticipation of extra work, which may be needed to meet project deadlines.

**Organizational Process Asset Updates** – Organizational process asset updates are either inputs to team member’s performance appraisals or lessons learned documentation.

**Staffing Management Plan Updates** – Staffing Management plan is a subsidiary plan of the project management plan. The staffing management plan is updated to reflect staffing related approved change requests.

Q8.

Discuss the key to team success.

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**Elements of an Effective Charter**

There is a simple logic to building a team charter. Ask yourself questions about all the various conditions, resources, attitudes, and behaviors that will be required in order for the team to accomplish its goals-and answer them. Here is a list of some of the most important questions:

What is the purpose for creating the team? The most important contributing factor is a clear and elevating goal. Further, the relationship between goal setting and task performance is probably the most robust finding in the research literature of the behavioral sciences. The more completely the purpose of the team can be identified, the more likely management, team members, and the rest of the organization will support it in accomplishing its objectives.

What kind of team is needed? There are different kinds of teams for different kinds of goals. Is the team meant to accomplish a task, manage or improve a process, come up with a new product idea or design, solve a problem, or make a decision?

Will the team be manager led or self-managed? Who, if anyone, is in charge?

That will depend on the task and the maturity of the members. If it is self-managed or leaderless, who will be responsible for facilitating the team's progress toward its goal?

**Work Expectations**

The second area for focus with ground rules is work expectations. People join teams with very different ideas about the work involved in being a member of the team. Few people will deliberately perform poorly, but team members need information about the standards of the team. For example, it is common for people to send out information about the topic of a meeting and then never reach that topic at the meeting or never refer to the information provided. If there is not a positive consequence for meeting preparation, participants will not read materials sent prior to meetings.

On the other hand, some meetings ask people to give their interpretations, opinions, and recommendations based on the material provided prior to the meeting. In this case, participants are very likely to be prepared. Having had either one of these experiences, or any of the various experiences in between, will define what a team member thinks she or he is accountable for in a team meeting.

Common questions teams address in their ground rules involving work expectations include:

1. What is the quality of work expected?
2. What is the quantity of work expected?
3. How is the timeliness of work defined?
4. What does it mean to come prepared to a meeting?

**Confidentiality**

The last issue for team ground rules that we will discuss concerns confidentiality and support. Nothing can destroy trust as quickly in a team than to have team discussions shared with those outside the team. When team members hear summaries of what occurred in the team, they often feel that their comments are misrepresented or misinterpreted or, at the very least, that they would like to speak for themselves. To avoid these problems, team members need to decide how they will represent the meeting discussion to others. Some teams choose a spokesperson for the team.

To develop useful guidelines the team needs to discuss questions such as the following:

1. What topics are to be considered confidential?
2. How will team members identify confidential information?
3. How should team members treat this information?
4. How should team members portray team meetings to outsiders? Who should be the spokesperson for the group?
5. Who should receive meeting minutes?

The discussion on confidentiality also requires a discussion on enforcement and consequence.

1. How will the team address instances where a team member has violate the confidentiality norm?
2. What will be the consequence of such an action?

**Ground Rules**

Ground rules are prescriptions for team communication. They must arise from the team and be freely committed to by all team members. The following is guide to effective team’s communication.

* Be a good listener. . Keep an open mind.
* Participate in the discussion.
* Ask for clarification.
* Give everyone a chance to speak.
* Deal with particular rather than general problems.
* Don't be defensive if your idea is criticized.
* Be prepared to carry out-group decisions.
* All comments remain in the meeting room.
* Everyone is an equal in the discussion session
* Be polite-do not interrupt.

Q9.

State and explain the advantages and disadvantages of various organization structures.

Functional organization advantages:

As the organization grows by expanding its product line or when the organization expands geographically, controlling will become ineffective.

it is difficult to fix accountability and difficult to judge the performance of the members. If for example, a new product introduced in the market turns out to be a failure. No department will assume responsibility. Instead, the different functional departments will blame one another. The manager (Marketing) may hold that the product failure is due to poor financial decisions; the manager (Finance) may in turn assert that the product failure is to be attributed to the poor product features and thus blame the production department and so on.

Coordination of the functional members of the entire organization will pose a big problem to the top management.

**Product organization advantage**s

All the activities, skills and expertise required producing and market particular product (or a group of related products) are grouped together under a single head. Fig. below shows a line diagram of product organization. Referring to Fig. below we can observe that a manager of a particular product is in charge of all activities relating to that product. For example, manager (pharmaceutical products) will be responsible for production, marketing, research, financial aspects, and personnel requirement etc., connected to pharmaceutical products produced by the firm.

In a product organization, the job can be better coordinated and a higher level of performance can be achieved.

Accountability of each division is clearly made known.

**Disadvantages**

Divisional heads may place the interests of their division above the overall interest of the organization. Thus. They may be tempted to take advantage of short-term gains of their divisions even at the expense of long-term loss to the organization.

**Advantages of A Pure Matrix Form Of Organization**

The project manager is able to have maximum control over the project.

There is sharing of authority and responsibility between project managers and functional managers, which results in synergy. . Project managers who are generalists (or technical specialists) acquire knowledge about specific. Functional areas while functional heads who are specialists in their areas acquire all round knowledge about the project.

The project manager is authorized to commit resources of the organizations for the project, the only condition being that the scheduling of his project does not cause conflicts in resource sharing with other ongoing projects.

All the personnel are involved, motivated and are prepared to face the challenge.

Top management is freed from organizing and coordinating resources and can hence devote more attention for planning.

Resource utilization is optimized.

**Disadvantages Of Pure Matrix Form Of Organization**

Since project managers have an edge over functional managers, it is likely that the functional managers might become biased which will create conflicts and power struggles between the project department and functional departments.

There is danger of dual reporting since the personnel are under the dual control of project and functional managers.

Since each project wing operates independently, there are chances for duplication of efforts.

Managers and employees are made more susceptible to role ambiguity, which results in more discussions than actions.

It is costly to implement matrix form of organization since more people than otherwise required are employed.

Emergence of conflicts and resolution of conflict will be a continuous process and this may require the continuous support of a person who is a specialist in inter-personnel relationships and organizational development.

Q10.

Discuss the work brake down structures in project management

**Work Breakdown Structure (WBS)**

Work Break down Structure is a process by which the whole project is divided

*(i.e.,* broken down) into various sub-projects, the sub-projects into various 'tasks, the tasks into various sub-tasks and finally the sub-tasks into work-packages. In the process of building up WBS, the project manager, all connected functional managers and all the connected staff work together and analyze all aspects of the project so that their collective wisdom will prevail. Thus, we have the following stages or levels:

Project

Sub-project

Task

Sub-task

work-package

There is no hard and fast rule as to the number of levels into which the project is to be broken down. The number of stages (levels) should be neither too few nor too large. If a project is broken into only one or two levels, integration of activities may become difficult. On the other hand, if a project is broken into too many levels, it will make the analysis complex and unproductive and will lead to additional cost and time. The question naturally arises as to what should be the level up to which WBS can go. The answer to this question is that building up of WBS should be carried on till such time the 'work-package available is capable of giving a good definition of the work content, the resources required, the cost and time requirement.

The WBS and the constituent work-packages become the basis for project planning, scheduling and controlling.