Module-5

Preparation for project

Meaning of project

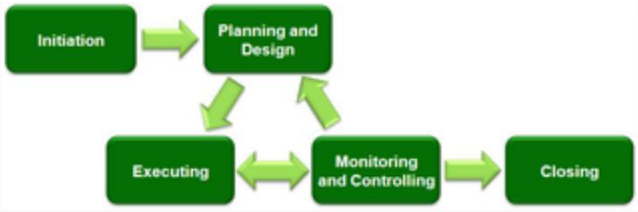
a large or major undertaking, especially one involving considerable money, personnel, and equipment.

Project management

Project management is the discipline of planning, organizing, securing, managing, leading, and controlling resources to achieve specific goals. A project is a temporary endeavor with a defined beginning and end (usually time-constrained, and often constrained by funding or deliverables),[1] undertaken to meet unique goals and objectives, typically to bring about beneficial change or added value.

The traditional approach

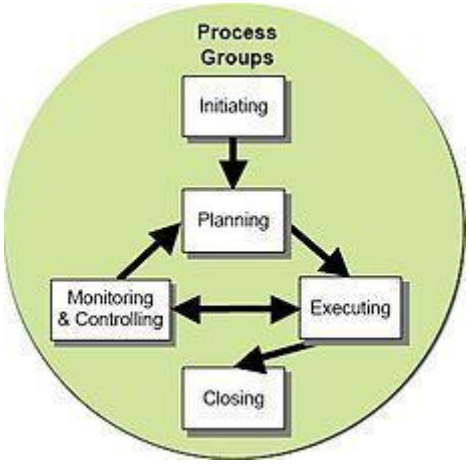
A traditional phased approach identifies a sequence of steps to be completed. In the "traditional approach", five developmental components of a project can be distinguished (four stages plus control):



Typical development phases of an engineering project

1. initiation
2. planning and design
3. execution and construction
4. monitoring and controlling systems
5. completion

Stages of project development



Project selection

Authorities are normally faced with a number of potential investment projects which they need to assess and prioritise. The ultimate goal of the project selection process is to ensure that the investments that will be carried out offer value for money.

Value for money refers to the best available outcome for society, account being taken of all benefits, costs and risks over the whole life of the project.

A necessary condition for a project to represent value for money, irrespective of the procurement option chosen to deliver it, is that the benefits to be derived from the project outweigh the costs. This is normally tested by undertaking a cost-benefit analysis of the project and its requirements.

In the project selection stage, the Authority and its advisers will look at alternative project options, sometimes following guidelines that the public sector will use to assess PPP projects.

Once the key features and specifications for a project are drawn up, the Authority and its advisers will undertake a series of preliminary studies, including supply or demand analysis, cost analysis and a preliminary environmental assessment of the potential impacts of the project.

A distinctive feature of PPP projects is that their requirements are defined in terms of outputs rather than inputs. Conventional project procurement has usually focused on inputs. PPPs therefore involve fundamental changes in the way projects are prepared and in the information that the Authority needs to provide to private sector sponsors. While the typical set of feasibility studies used in the public procurement of projects focuses on inputs, PPP projects demand a clear set of output requirements and service quality standards, which will be reflected in the PPP contract. As a result of the output nature of PPPs, the bulk of the expensive and time-consuming technical design activities for a project will be carried out by the private partner.

In order to consider the PPP procurement option, the Authority and its advisers need to answer a set of key questions:

- Is the project affordable? Will users or the Authority, or both, pay for the project? How will they pay (e.g. user charges, operating subsidies, public sector or EU grants)? Are the procurement costs significant if the project is procured as a PPP?
- What are the key sources of risk in the proposed project? What is the optimal risk allocation and risk management strategy?
- What are the financing sources for the proposed project? Will the project be ―bankable‖ (i.e. capable of raising debt finance)? Will it attract investors? Will it comply with the requisites for EU or national public funding?
- Even if the project is affordable and bankable, does the project represent value for money?
- Has the issue of the ―balance sheet treatment‖ of the project (i.e. the classification of the project as a public sector investment for the purposes of national debt and deficit under the ―excessive deficit procedure‖ of the Maastricht Treaty) been considered?

This part of the EPEC PPP Guide identifies a list of issues specific to PPPs for the Authority and its advisers when examining whether the selected project should be pursued as a PPP. It does not however offer a comprehensive catalogue of recommendations, as the assessment of the PPP option will be dependent on the specific situation of each country, notably in terms of its legal and institutional framework.

Project appraisal

Project appraisal is a generic term that refers to the process of assessing, in a structured way, the case for proceeding with a project or proposal. In short, project appraisal is the effort of calculating a project's viability[1]. It often involves comparing various options, using economic appraisal or some other decision analysis technique.

Process

- Initial Assessment
- Define problem and long-list
- Consult and short-list
- Develop options
- Compare and select

Project *Types of appraisal*

- Financial
  - Cost-benefit analysis
- Economic appraisal
  - Cost-effectiveness analysis
  - Scoring and weighting

Technical Feasibility

The technical aspects for the development of the proposed project are well within the project team's capabilities to produce such a product. The project team has experience in all aspects of the technology to be used; the World Wide Web (web) and a database program, Microsoft Access.

The scope of this project encompasses both web and database development. The web development involves producing and marketing a web page that conforms to Emerald Webs Request for Proposal. The project team has developed web pages for the purpose of marketing real estate, both for commercial and private residential properties. The marketing of Warwick merchants parallels our experience in that both efforts involve the promoting the attributes of both for a desired purpose. The database to be developed is similar to our prior effort with another Warwick merchant " The Grape Vine". The scope of the database desired by Emerald Webs for this project is not as encompassing in its requirements or functionality as "The Grape Vine" project. That project tracked inventory, vendors, and provided customers the ability to match wines with an appropriate food item to be served. It also produced a variety of reports designed to maintain inventory at certain levels; hence track sales. Therefore the technical aspects of the database desired is within our capabilities to produce.

The web site to be produced will follow HyperText Mark-Up Language (HTML) guidelines that will enable a cybervisitor to easily understand the meaning of the site and to draw the visitor to explore the site. This will be achieved by its ease of understanding via a pleasant use of colors,

fonts, text and description of it s content. The layout will conform to Emerald Webs desire to give it a "Main Street U.S.A" feel.

The database as with our previous project will be based in Microsoft Access, a very capable database program. Access is a very popular office application software title that is easy to use and maintain. It is also compatible with the other Microsoft Office products, Excel, Word and Power Point. User documentation will be provided for the operation of the database. We will also be available to provide technical assistance regarding the database application designed for this project.

The use of the proposed technology has little risk. As stated the team is familiar with the tools to be used. The software to be used has been in use for several years and has been updated periodically. It has been proven and is widely used in both commercial and personal projects/applications.

The scope of the project can be managed by our web and Microsoft Access experience. The constraints placed upon the project team will not hinder our ability to produce the desired product. The constraints of the technology to be used will not inhibit the production of the final product. Essentially the project scope will not exceed the capabilities of the technology used. The ever present constraint that seems present in every project is time. This constraint is also present in this project, however our team leader during this phase of the project, Linda J. Sampson, has developed a project schedule that is realistic which provides for the completion of the project on time. The size of the project team is also seen as a constraint. Since projects are not assigned unlimited resources and personnel it is very important to assess a project's scope when determining the amount of resources that are needed. In this project the scope is not beyond the resources that our team possesses. Given the size of this project and the fact that the team meets at least twice a week to discuss the project we feel that the project can be completed on time as specified. Given our frequent contact, our familiarity with the technology to be used and a solid project schedule, we are able to assess risks to the project quickly and effectively deal with them.

The risk in financial terms in using the stated technology is nil. All the project application software is provided at no cost to Emerald Webs. The time to construct the project is also being provided at no cost to Emerald Webs.

Feasibility study

Feasibility studies aim to objectively and rationally uncover the strengths and weaknesses of the existing business or proposed venture, opportunities and threats as presented by the environment, the resources required to carry through, and ultimately the prospects for success.[1][2] In its simplest terms, the two criteria to judge feasibility are cost required and value to be attained.[3] As such, a well-designed feasibility study should provide a historical background of the business or project, description of the product orservice, accounting statements, details of the operations and management, marketing research and policies, financial data, legal requirements

and tax obligations. Generally, feasibility studies precede technical development and project implementation.

Technology and system feasibility

The assessment is based on an outline design of system requirements in terms of Input, Processes, Output, Fields, Programs, and Procedures. This can be quantified in terms of volumes of data, trends, frequency of updating, etc. in order to estimate whether the new system will perform adequately or not. Technological feasibility is carried out to determine whether the company has the capability, in terms of software, hardware, personnel and expertise, to handle the completion of the project. When writing a feasibility report the following should be taken to consideration:

- A brief description of the business to assess more possible factor/s which could affect the study
- The part of the business being examined
- The human and economic factor
- The possible solutions to the problems

At this level, the concern is whether the proposal is both *technically* and *legally* feasible (assuming moderate cost).

Social feasibility

This involves questions such as how much time is available to build the new system, when it can be built, whether it interferes with normal business operations, type and amount of resources required, dependencies,

Cultural feasibility

In this stage, the project's alternatives are evaluated for their impact on the local and general culture. For example, environmental factors need to be considered and these factors are to be well known. Further an enterprise's own culture can clash with the results of the project.

Expected Questions

1. **Explain the phases of project identification with its sources june10, jan10**
2. **Explain network analysis. What are the various techniques used for network analysis? June10**
3. **Explain both PERT and CPM with its advantages and disadvantages june10**
4. **Explain various factors to be considered for selection of a project june11**
5. **List out various contents of a project report june11, jan10, dec10**
6. **Briefly explain the importance of project identification july09**

7. Give the meaning of project appraisal **july09. Dec10**