

# EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Final Year First Semester Examination in BBA/B.Com/B.Econ 2005/2006

(July/August 2007)

MGT 4033 Project Management

Answer all questions.

Time: Three Hour

---

Q1. **A consensus Feasibility Study for Montreal's Archipel Dam**

To assess the desirability of a feasibility study evaluating the costs and benefits of constructing a dam for watershed development within the St. Lawrence river basin in the Montreal metropolitan area, Quebec initiated an interdepartmental evaluation. The evaluation concluded that a feasibility study that considered the hydroelectric power generated, the flood control possible, and the shoreline restoration for recreation for the 3 million local area residents was justified. It was recommended that a central authority act as project manager for the study and those arbitration procedures be instituted for the interests of all affected parties.

Thus, a new body called "Secretariat Archipel" was created to directly supervise the feasibility study. Secretariat Archipel, however, rejected the recommendations of the prior evaluation and chose to use a more democratic "consensus" approach between all involved agencies rather than a central authority approach. Doing so avoided the need for arbitration procedures as well. In addition, a matrix structure was put in place to guarantee a veto right to each of the ten governmental departments involved in the process. It was believed that this consensus approach would lead to a solution acceptable to all, while protecting the jurisdictional responsibilities of all departments.

Although this approach apparently avoided difficult conflicts, and the concomitant need to arbitrate them, a post-study evaluation of the process concluded that it was neither effective nor efficient. By discarding the recommendation for a central authority body, a leadership gap arose in the decision framework and veto rights were abused by many of the participants. The leadership gap led, for example, to no one identifying incompatible objectives, rules for making decisions, or common priorities.

In terms of effectiveness, the recommendations of the study are questionable: that the dam be postponed until the year 2015 while only \$35 million-less than the cost of the feasibility study-be spent on recreational facilities. Considering efficiency, it was found that many of the expensive support studies authorized by the secretariat did not add significantly to the feasibility process. Also, the study appeared to take one to two years longer than necessary, with a correspondingly higher cost.

The evaluation proposed three probable causes of the lack of decisiveness in this study process:

1. Fear of litigation between the governmental departments and municipalities,
2. Difficulty comparing positive and negative impacts due to a lack of decision rules, and
3. Long delays and unavoidable sacrifices through a failure of the consensus process.

In retrospect, the consensus approach appeared to have been selected to protect the fields of jurisdiction of each governmental department rather than for defining the best project for the community. Since many of the goals were incompatible to start with, a consensual decision process with veto override would simply have to reject any recommendation-no matter how appropriate for the community-that was incompatible with another goal or disliked by any of

the ten departments involved in the study. Although consensus is a highly desirable goal for public studies, leadership cannot be abandoned in the process. Attempting to avoid conflict through mandated consensus simply defeats the purpose of any study in the first place, except a study to determine what everyone commonly agrees upon.

a) Project preparation consists of various stages. Briefly explain the stages involved in project preparation.

(06 marks)

b) What do you mean by feasibility study?

(06 marks)

c) Based on this case situation does the consensus approach lead to what is best for the overall community? Why (not)?

(08 marks)

d) If you are assigned for the feasibility study for Montreals' Archipel Dam what approach should have been adopted to determine what was best for the overall community?

(08 marks)

(Total 28 marks)

Q2. (a) "A project portfolio is a collection of projects that share some common link to one another". Differentiate the portfolio project life cycle from project life cycle.

(08 marks)

(b) Effective team work is a key factor for most projects' success. Discuss some of the characteristics of effective project teams and some of the common barriers to effective project teams.

(06 marks)

- (c) Briefly discuss the causes for the projects failure in the developing countries. (04 marks)

(Total 18 marks)

- Q3. (a) DM company Ltd proposes to start a new project of manufacturing garments.

The estimates of the new project are as follows:

Output of garments per annum - 600,000

Expected sales revenue per annum - 30,000,000

Variable cost - 13,200,000

Break even point (BEP) - 250,000

- a) Calculate the fixed cost

(02 marks)

- b) If the variable cost reduces by 10% what will happen to BEP?

(03 marks)

- c) Prepare the sensitivity analysis chart for question b.

(02 marks)

- (b) Location of the project is a very important factor in the project appraisal. Explain two phases in the study for plant location.

(06 marks)

- (c) The process of project management can be split into a number of stages. Briefly describe each of these stages.

(05 marks)

(Total 18 marks)

- Q4. (a) The term "feasibility" is often used when assessing the viability of projects. Explain the term feasibility and discuss the aspects of feasibility that are typically considered in the project selection.

(08 marks)

(b) Explain the term “project appraisal” and list down various types of project appraisals.

(06 marks)

(c) Differentiate the term “Participatory Rural Approach (PRA)” and “Participatory Learning Approach (PLA)”.

(04 marks)

(Total 18 marks)

Q5. (a) List down some of the popular software packages used in computer aided project management. Briefly explain six features in Project 2000 Package.

(08 marks)

(b) There are a number of stakeholders who need to be considered in project management. Explain the project stakeholders hierarchy with suitable examples.

(06 marks)

(c) The information below relates to the proposed installation of new software. Prepare a Gantt chart to monitor the installation of the new software.

Activity	Commencement date- Week number	Duration
Install new software	1	3
Test installation	4	1
Prepare master file data	3	2
Install and test master file data	5	1
Ensure all data entered into old software	5	1
Train staff on new system	4	3
Transfer account balances to new system	6	1
Parallel run new and old system	7	2
Processing on new system only	9	As long as required

(04 marks)

(Total 18 marks)