

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

FINAL YEAR - FIRST SEMESTER EXAMINATION IN BUSINESS
ADMINISTRATION / COM/ SP MKT/ SP HRM – 2008/ 2009 (SEP – 2009)

MGT 401 PROJECT MANAGEMENT

Answer All Questions

Time: 03 Hours

INSTRUCTIONS TO CANDIDATES

Answers to Section A, B and C must be written in the answer book.

SECTION A

Question 01

Healthweb

Project Background: Southern Regional Health Authority (SHRA)

The SHRA manages the provision of medical care to the public within its local area. It is responsible for 50 medical centers and 10 hospitals. The 'Healthweb' national information network is a central government-led initiative which aims to provide a secure and dedicated network environment for all medical practitioners and managers, to share and access healthcare information. Other regions within the country have already connected to the network, with 95% of medical centers and hospitals within these regions utilizing the facilities.

The SHRA has been sent a target by the central government to have 80% of all medical centers and 90% of all hospitals within the region connected to the Healthweb one year from now. Prior to the project commencement, most information within the hospitals and medical centers was kept by a manual, paper-based system, and all data exchange was done by means of telephone or by post. The senior management team of the SHRA set a project board in January 2008 to oversee the progress of the project and so specify the project objectives.

Project management

The central government has contracted a large telecommunications company, T, to manage and control the network and to project-manage the regional connection projects. T was contracted to provide all hardware and software systems support, training and maintenance.

The SHRA project team was mainly made up of managers and technicians from T, but also included three doctors and three senior managers.

Project progress

Each medical centre and hospital within the southern region was allowed to discuss terms of usage, (that is, the hardware and software requirements, which aspects of the Healthweb to utilize and the timing of the implementation) separately with the GPC project team.

Financing within the SHRA

Many doctors and senior managers were concerned about the limited resources of the hospital and medical centers being spent on unnecessary technology and that disruption of the project might affect the quality of service to patients. Other regions had reported large costs in computer upgrades and facilities, which could have been better spent on direct patient care.

Although the central government has set up 'Technology Fund', some of which has been set aside for this project, obtaining the funds has proved difficult in other regions. In addition, there has been no previous consistency in financing connection to the network, with some regional health authorities paying all of the costs. Other regions have invested only in the initial technology, with all on-going operational costs being paid by the individual hospitals and medical centers.

The hospital in which you are a senior manager are concerned that the senior managers not involved directly in the GPC project are unaware of its nature and importance.

Questions:

a) Discuss the relationship of the project manager to:

- The project sponsor (that is, the central government)
- The project board
- The medical and administrative users (in medical centers and hospitals)

(08 Marks)

b) Discuss the potential conflicting project objectives of the stakeholders given above.

(06 Marks)

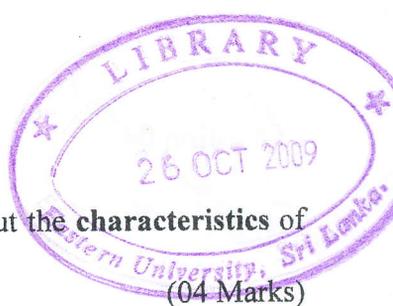
c) Explain the potential project management problems which might arise from allowing each hospital and medical centre to discuss individual terms of usage of the Healthweb separately with the GPC project team.

(06 Marks)

(20 Marks)

(TOTAL MARKS SECTION A = 20)

SECTION B



Question 02

- a) Explain the terms “**Project and Project Management**”. List out the **characteristics** of a typical project. (04 Marks)
- b) “The Project manager requires a set of **skills** that will encourage and lead the project team to succeed and to create customer confidence in the project team.” Briefly explain the skills needed for a successful project manager. (05 Marks)
- c) Explain the recent **changes in project management** environment. (06 Marks)
- (15 Marks)

Question 03

XYZ plc is to initiate a project to study the feasibility of a new project. The end result of the feasibility project will be a report recommending the action to be taken for the new product. The activities to be carried out to complete the feasibility project are given below.

| Activity | Description | Immediate predecessors | Expected time weeks | Normal cost | Number of staff required |
|----------|------------------------------|------------------------|---------------------|-------------|--------------------------|
| A | Preliminary design | - | 5 | 45000 | 3 |
| B | Market research | - | 3 | 30000 | 2 |
| C | Obtaining engineering quotes | A | 2 | 30000 | 2 |
| D | Construct prototype | A | 5 | 75000 | 5 |
| E | Prepare marketing material | A | 3 | 45000 | 3 |
| F | Costing | C | 2 | 30000 | 2 |
| G | Product testing | D | 4 | 75000 | 5 |
| H | Pilot survey | B, E | 6 | 60000 | 4 |
| I | Pricing estimates | H | 2 | 15000 | 1 |
| J | Final report | F, G, I | 6 | 30000 | 2 |

Fixed cost per week is Rs. 2400

- a) Prepare a network for the scheme set out in the table above. (04 Marks)
- b) Determine the **critical path** and the **normal cost** and **associated duration**. (05 Marks)
- c) Calculate Earliest Event Time (EST) and Latest Event Time (LET) (02 Marks)
- d) Construct a chart showing the number of **staff required** at any one time for this project. (04 Marks)

(Total 15 Marks)

Question 04

- a) Explain the needs for a **project audit**. And list out the **stages of project audit life cycle**
(05 Marks)
- b) Explain the **risk management strategies** available for a project.
(06 Marks)
- c) What do you mean by "**project performance observation**"? And list out three sources available for project performance observation.
(04 Marks)

(15 Marks)

(TOTAL MARKS SECTION B = 45)

SECTION C

Question 05

5.1 What is project management?

- a) The ability to complete a task within a given amount of time
- b) The ability to complete a task within a given budget
- c) The ability to administer a series of sequential tasks resulting in a desired goal
- d) The ability to administer a series of sequential tasks within a given time.

(2 Marks)

5.2 Which of the following determine the start of a project?

- a) Knowing the project sponsor
- b) Knowing the project budget
- c) Knowing the project completion date
- d) Knowing the project results

(2 Marks)

5.3 Which of the following is not a feature of the PRINCE2 project management system?

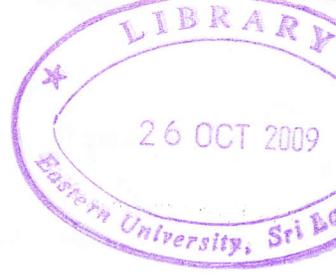
- a) A project is driven by its business area
- b) The system may be used for projects of any size
- c) The system focuses on the technical processes of project management
- d) A clear management structure is defined

(2 Marks)

5.4 The main purpose of project initiation is to-----

- a) Produce the project charter
- b) Formally describe the project
- c) Formally authorize the project
- d) Assign the project manager to the project

(2 Marks)



5.5 Which of the following activities is not part of risk management planning?

- a) Developing a risk management plan
- b) Identifying risk categories
- c) Updating risk register
- d) Determining risk roles and responsibilities

(2 Marks)

5.6 What is a corrective action?

- a) An action to correct something in the project
- b) An action that fixes the requisition process
- c) An action that brings future project events into alignment with the project plan
- d) Both B and C

(2 Marks)

5.7 The risk project failure is highest during which phase of a project?

- a) Initiating
- b) Planning
- c) Executing
- d) Controlling

(2 Marks)

5.8 Who applies project selection methods to decide whether to accept or reject a project?

- a) The project sponsor
- b) The project manager
- c) The project team
- d) The project accountant

(2 Marks)

5.9 Which subsidiary plan/component documents the quality objectives for the project?

- a) Quality management plan
- b) Quality baseline
- c) Process improvement plan
- d) Quality control checklist

(2 Marks)

5.10 Which of the following is not a responsibility of the project manager?

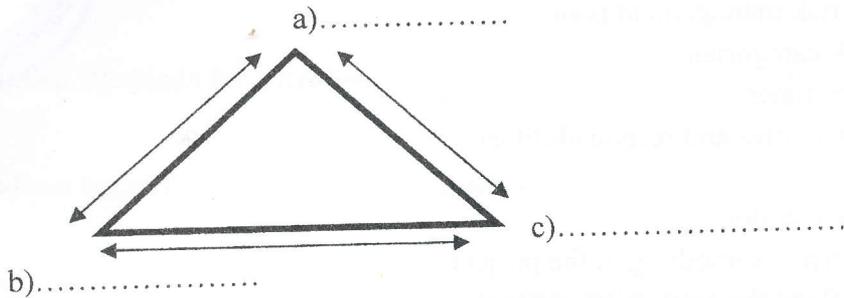
- a) Acquiring HR resources for the project team
- b) Managing overall responsibility for quality in the organization
- c) Overall responsibility for risk on the project
- d) Overall responsibility for customer satisfaction on the project

(2 Marks)

5.11 Complete the gaps to determine the four stages in the **project life cycle**. a) Identification of the project; b).....; c) Implementation; d).....

(2 Marks)

5.12 Indicate the **project constraints** as per the triangle given below.



(3 Marks)

5.13 Briefly explain the interest of a **'project owner'**.

(2 Marks)

5.14 Briefly define the term **"risk"** in a project.

(2 Marks)

The expected cash flows of projects X any Y are given in the table below. Answer question from 5.15 to 5.17 based on the table.

| Year | Cash flow | |
|------|-----------|-----------|
| | Project A | Project B |
| 0 | -100,000 | -45,000 |
| 1 | 20,000 | 18,000 |
| 2 | 30,000 | 13,000 |
| 3 | 40,000 | 10,000 |
| 4 | 50,000 | 15,000 |
| 5 | 30,000 | 5,000 |

The cost of capital is 10%.

Calculate the following for projects X and Y:

5.15 Net present value (NPV)

(04 Marks)

5.16 Profitability Index (PI)

(01 Mark)

5.17 Payback period

(01 Mark)

Discounting Factor:

| Year | 1 | 2 | 3 | 4 | 5 |
|---------------------------|-------|-------|-------|-------|-------|
| Discounting factor at 10% | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 |

(TOTAL MARKS SECTION C = 3)