

Sustainability and competitive advantage at keflavik paper company

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The long-run sustainability and the competitive edge on the project selected are equally important. In short, the selection of project should not overly emphasize only on one or two criteria; instead, it should take holistic viewpoint to achieve overall synergy with the available resources and ability to create new capabilities while embarking on a new project. (Seeber 2011)

Some of the criteria while evaluating new projects can be listed as per the following.

Concentrating on Core Competencies

Organizations do best on their core competencies and identifying the core competencies is an essential task. Core competencies could be in new process innovations or marketing expertise to have an edge on competitors. Mere cash flow analysis or favorable NPV cannot make the project a grand success.

Cost-Benefit Analysis

Aims at finding the benefit derived versus the cost of the project and the risk involved. The risk involved should not be such that it can put the company into negative territory from where it cannot recover. Financial analysis is a part of this evaluation criterion.

A project with Expanding Market

While selecting any project, it is important to delve into exploring the future market growth prospects. It is like exploring the threats and opportunities with a project in consideration in the given market place. A niche with high market growth prospects is always preferred over lower growth areas.

(Seeber 2011)

Poor project screening methods have a direct bearing on firms capacity to

manage its project effectively. A firm is deployed with finite resources on finance and manpower. When they are not put to use judiciously to achieve synergy among its operations, it is certain to affect the project immensely. Positive cash flows are worked out on paper and it takes considerable skill to achieve those in reality. Selection of a project is thus, a strategic decision for an organization and that should be done screening through several criteria. Project prioritization is a necessity and has been new learning for the decision-makers in the case of Keflavik. Selecting a most favorable project at the beginning that passes through all laid down criteria reduces the firefighting work later on considerably. (Seeber 2011)