

Business

[Business](#)



Business What are the four parts of a technical Proposal? Past experience- this contains a list of the individuals who are involved alongside with their experience in the projects. It also entails the skills and qualities that these people bring to the project.

Plan for implementation- it entails the time span, resources and cost of the project. The project quality control is also included in this phase.

Technical approach- Involves a wide description of the entire project at stake. The approach that the organisation will take on each subsystem is also included. The outlines of how the requirements are going to be addressed are noted

Plan for logistical support and administration- it gives a clear picture how the project will be conducted, monitored and reported. It also notes how changes throughout the project will be made and effected¹.

2. Contrast the competitive necessity model with the operating necessity model

Competitive necessity model

Advantages

It is easy to start with since it is a non-numeric model

Helps in maintaining an organisation level of competition

Disadvantages

Information to be used in the determination of the importance or priority is limited

Operating necessity model

Advantages

It is advantageous in projects that need to be started immediately

It is needed for any business function

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Disadvantages

This model in most cases seem to be reactive²

3. Limitations of project selection models?

This model only serves to provide a direction and not the sole decision making

Projects requirements are bound to change along the process hence the model cannot be effective since it is based on the initial decision making process

The model does not bind certain aspects of risks and scopes in reality³

4. Advantages and disadvantages of the profit/profitability numeric models?

Advantages

Consideration of weights to every factor is the most objected oriented method of selecting a project

These models are logical and follow a simple methodology

They are simple to be implemented

Disadvantages

The model assumes all the involved factors are independent and linear which is not possible

The score of the project provides a relative measure but do not reflect the projects utility

It only focuses on the aspect of finance

Does not account for the risks involved in the project

These models are susceptible to errors that are based on the used data⁴

A four year financial project has net cash flows of \$20, 000; \$25, 000; \$30, 000; and \$50, 000 in the next four years; it will cost \$75, 000 to implement the project. If the required rate of return is 0. 2, conduct a discounted cash

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flow calculation to determine the NPV

Year 1

Year 2

Year 3

Year 4

Total

\$ 20, 000. 00

\$ 25, 000. 00

\$ 30, 000. 00

\$ 50, 000. 00

\$ 125, 000. 00

Project Cost

-\$ 75, 000. 00

Rate of Return

20%

Inflation Rate

4%

NVP (Range)

\$501. 54

What would happen to the NPV of the above project if the inflation rate was expected to be 4 percent in each of the next four years?

Year 1

Year 2

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Year 3

Year 4

Total

\$ 20, 800. 00

\$ 26, 000. 00

\$ 31, 200. 00

\$ 52, 000. 00

\$ 130, 000. 00

Project Cost

-\$ 75, 000. 00

Rate of Return

20%

Inflation Rate

4%

NVP (Range)

\$75, 501. 54

According to the new figures the NVP will increase by four percent (4%)

5. Portillo, Inc

How can Ms. Portillo find out if her suspicions are correct?

If the calculations are based on the numeric model, then Ms. Portillo can review her minutes and make a comparison with the actual figures of the financial period to ascertain everything. After which she can counter check the calculations once more after re-running to confirm the prediction accuracy of the model.

What are her options if her idea is supported?

Ensure a uniform technique model is used by all the managers in addition to

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learning on how to implement them. She should also provide auditing to ensure the figures are correct. In addition, she should also aim at reducing the chances of errors from occurring by enabling random sampling of the decisions that are ongoing.

Reference

Meredith, Jack R., and Samuel J. Mantel. 2012. Project management: a managerial approach. 8th Edition. Hoboken, NJ: Wiley. 47 -76