
CASE 11

QUESTION 1

NORFISH is the name of a fish processing company situated in northern Norway. With a workforce of 100 employees and an annual turnover of 800 million NOK, the company achieved a profit of approximately 25 million NOK last year. However, during the spring of the same year, the company's board of directors made a strategic decision to modernize operations and significantly enhance profitability. In pursuit of this objective, an improvement and transformation project was formulated. This project aims to achieve its objectives through a combination of strategies. The project encompasses the reduction of personnel, the implementation of efficient new workflows, and the integration of advanced technology. Scheduled for execution within the current year, the project carries a total budget of 100 million NOK. As a direct outcome of the project, next year's projected profits are anticipated to be threefold the profits realized in the preceding year. In the context of this project, there is a suggestion to implement a new standard ERP system. While a specific ERP system has not yet been chosen (an ERP system encompasses software that supports numerous business functions including production, inventory, sales, purchasing, and finance), preparations are underway. Within the production department, plans are in place to install a new production line featuring innovative filleting machines, complemented by an integrated production management system that harmonizes with the chosen ERP system.

- a) Will you characterize this as a PSO-project and why? Justify your answer.
- b) Explain the difference between a project's goal and purpose. What is the goal and purpose for this project?
- c) Explain what a critical success factor is. Develop five (5) critical success factors for this project.
- d) NORFISH shall select a project manager to lead the project. Discuss what characterizes a good and effective project manager. Discuss also what qualifications should be emphasized when selecting the project manager for this project.
- e) Explain briefly what a milestone is. Formulate five (5) milestones for the project.
- f) Petter was selected as the project manager. The other project team members were Lucas, Silje, Morten and Arne. Develop a responsibility chart for the five (5) milestones (a milestone responsibilities chart) where you use some of the most common letter codes for the allocation of responsibilities. Explain briefly what is meant by horizontal and vertical analysis of the responsibility chart.
- g) Identify four (4) key stakeholders to this project. Make a stakeholder analysis of their relation to the project.

- h) Discuss briefly the importance of good information/communication in a project such as this. Develop a communication plan for the project.

QUESTION 2

You are given the following project information:

Activities	Duration (days)	Predecessor
A	4	-
B	5	-
C	3	A, B
D	2	A, B
E	1	B
F	4	C, D
G	3	D, E
H	4	G
I	6	F, G

- a) Draw the project network. How long will it take to complete the project?
- b) Identify the critical activities. Explain what a critical activity is.
- c) Calculate the slack for each activity. Explain what slack is.
- d) Explain the difference between the planning techniques CPM (Critical Path Method) and PERT (Program Evaluation Review Technique). Which technique have you used in question 2 a)?
- e) Develop a Gantt-chart for the project where the activities start at Earliest Start.

QUESTION 3

A project consists of 4 activities and has the following budget:

	Week					
	1	2	3	4	5	6
Activity 1	200	200	200			
Activity 2		400	400			
Activity 3				600		
Activity 4					200	200

- Summarize the total cost for each week and calculate accumulated cost. What is the total planned cost for this project (the budget)?
- Explain briefly what an S-curve is. Draw the (planned) S-curve using the accumulated costs. What other two S-curves are used when the project is being followed-up?
- The project is being cost controlled after 3 weeks. Then activity 1 is 100 % completed, while activity 2 is 75 % completed. Actual cost is 1500. What is earned value after 3 weeks? Calculate cost variance, budget variance and schedule variance.
- What is CPI after 3 weeks? Describe the projects' situation so far? Calculate new total cost (EAC/Estimate at Completion). What must CPI be during the rest of the project to not exceed the original budget?