
CASE 9

Knudsen

Knudsen is a company specializing in crafting tailor-made products for the fishing industry. The organizational structure encompasses key departments, including product development, production, sales and marketing, purchasing, finance and accounting, and HR. With a workforce of 60 employees, the company recently underwent an acquisition by Invest, a transaction valued at 270 million. Despite the change in ownership, the CEO remains at the helm, keeping his promise to secure the employees' jobs—a commitment made prior to the family company's sale.

Nevertheless, the new proprietors have outlined a definitive exit strategy: divestment within a 5-year period, yielding a return of 3 times the invested capital. Knudsen, which achieved a turnover of approximately 160 million last year, boasting a 10% profit margin, now finds itself directed by strategic ambitions set by Invest—targeting a sales volume of 250 million within the next five years, accompanied by a 15% profit margin.

To realize these strategic aspirations, a project is scheduled to commence on December 1st of this year, slated for completion by March 31st of the subsequent year. The project encompasses various facets: standardizing the product portfolio, enhancing project management expertise, orchestrating organizational restructuring, and reducing the employee count by 20 individuals. The project's concept remains relatively unfamiliar to most employees. Steering the endeavor is the new Chief Financial Officer from Invest, who now assumes the role of project owner.

QUESTION 1

- a) Develop a mandate for the project with emphasis on the formulation of the project name, purpose (outcome) and goals (objectives) for the project.
- b) Discuss some “pitfalls in project management” that can occur in the presented project on the road to success.
- c) Discuss how the project should be tied to the base organization (external organizational structure). Draw an illustration showing the structure. What are the main advantages and disadvantages of using the suggested organizational structure?
- d) Develop a simple illustration that shows the “project manager compass/the six lookings”. Explain briefly how this model can be used as a framework for the management of a project like this. What will be important for the project manager in this project to focus on and why?

QUESTION 2

- a) Briefly describe the stakeholder analysis process. Identify five (5) major stakeholders for this project and perform a simple analysis of these stakeholders.

- b) Explain the difference between success criteria and critical success factors. Discuss three (3) success criteria and three (3) critical success factors for this project.
- c) What characterizes a milestone? Create a milestone plan consisting of five (5) milestones for this project. Why does it often make sense to start with a milestone plan and then create activity plans?
- d) Identify three (3) uncertainties in this project. Show how to use a risk map/matrix to analyze the three uncertainties you have identified. Discuss briefly also what the purpose of analyzing uncertainty is.

QUESTION 3

The project has a subproject that consists of six (6) activities. Duration and cost are listed below.

Activity	Predecessor	Duration (weeks)	Budgeted cost per week
A	F;C	2	40.000
B	-	1	15.000
C	B	6	20.000
D	B	3	75.000
E	B	2	35.000
F	E;D	1	40.000

- a) Draw a network diagram and a GANTT chart. How long will it take to complete the subproject?
- b) Identify the critical activities and the critical path(s). Explain what a critical activity is. Which activities have slack (float) and how much. Explain what slack (float) is.
- c) Make a table showing the subproject's budgeted cost development (accumulated charge). Calculate the total budgeted cost for work.
- d) The project owner argues that the subproject should use 50.000 to reduce activity D with one (1) week. Do you agree with him? Write some arguments underlining your view to the project owner.
- e) After 3 weeks the subproject reports the following information for completion and actual total cost (AC) per activity.

Activity	% Completed	Actual cost
A	0 %	0
B	100 %	30.000
C	25 %	45.000
D	40 %	100.000
E	50 %	30.000
F	0 %	0

- f) What is PC, AC and EV after 3 weeks? Calculate CV, BV and SV. Describe the subproject's status after 3 weeks.
- g) How much work remains after 3 weeks? Calculate CPI, SPI, and new ECAC and ETAC. What is the crucial assumption this calculation of new total cost and duration is based on?