

# Exercise – Week 4

Project Integration Management

# Task 1

## Case : Next-gen DNA-Sequencing Instrument Completion Project

Nick Carson recently became project manager of a critical biotech enterprise at his Silicon Valley company. This project involved creating the hardware and software for a next generation (next-gen) DNA-sequencing instrument used in assembling and analyzing the human genome. Several companies were competing to build smaller, faster sequencing instruments that would reduce the costs and improve the quality of data analysis in this rapidly changing field. The biotech project was the company's largest endeavor, and it had tremendous potential for future growth and revenue.

Unfortunately, there were problems managing this large project. It had been under way for three years and had already gone through three different project managers. Nick had been the lead software developer on the project before top management made him the project manager. The CEO told him to do whatever it took to deliver the first version of the product in four months and a production version in nine months. Negotiations for a potential corporate buyout with a larger company influenced top management's sense of urgency to complete the project.

Highly energetic and intelligent, Nick had the technical background to make the project a success. He delved into the technical problems and found some critical flaws that kept the next-gen DNA-sequencing instrument from working. Nevertheless, he was having difficulty in his new role as project manager. Although Nick and his team got the product out on time, top management was upset because Nick did not focus on managing all aspects of the project. He never provided them with accurate schedules or detailed plans of what was happening on the project. Instead of performing the work of project manager, Nick had taken on the role of software integrator and troubleshooter. Nick, however, did not understand top management's complaints—he delivered the product, didn't he? Didn't they realize how valuable he was?

# Task 1- Questions

1. What do you think the real problem was in this case?
2. Was Nick Carson a good project manager? Why or why not?
3. What could Nick have done to be a better project manager?

# Task 2 – NPV Calculation

Perform a financial analysis for a project. Assume that the projected costs and benefits for this project are spread over four years as follows: Estimated costs are \$300,000 in Year 1 and \$40,000 each year in Years 2, 3, and 4. Estimated benefits are \$0 in Year 1 and \$120,000 each year in Years 2, 3, and 4. Use a 7 percent discount rate, and round the discount factors to two decimal places.

Create a spreadsheet or use the business case financials template on the Companion website to calculate and clearly display the NPV, ROI, and year in which payback occurs.

In addition, write a paragraph explaining whether you would recommend investing in this project, based on your financial analysis