# SBM1205 Project Formulation and Business Planning

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<th>UOS CODE</th>
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<th>CREDIT POINTS</th>
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<tr>
<td>SBM1205</td>
<td>Project Formulation and Business Planning</td>
<td>6</td>
<td>Advanced</td>
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## SUMMARY

Front-end planning is critical to project success. Front-end planning consumes only a fraction of project monies yet locks in major decisions with profound ramifications for the whole of project life. This course seeks to develop a working knowledge of the fundamentals of front-end planning and optimisation through problem-centred learning. The study will focus on market appraisal, business development, managerial issues both at development and operational stages, stakeholders’ issues and structuring and financial planning, etc. as well as strategic planning of the pertinent social, political, community and environmental issues. All project implementation strategies are also formulated during this phase, including major decisions on management of quality, risks and procurement issues. The results are presented in a formatted document that is typically referred to as Project Definition Report. This document will contain a firm business case for the project, often used for financing purposes, and is the basis for sanctioning the project to proceed to the implementation phase. This course will cover the entire front-end phase, including conceptualisation/creation, appraisal/definition and documentation stages. The course will leverage knowledge in a number of disciplines and is student-driven.

Professor Jaafari will aid students individually and in teams to work practically through the underpinning knowledge and proceed to respond to the team assignment.

### COURSE CONVENOR

Professor A Jaafari, ME, MSc, PhD, FIEAust, CPEng  
Dr K Strang, Phd, MBA, BS, FLMI, CNA, PMP

### ASSUMED KNOWLEDGE

Fundamentals of project cost estimation and financial management;

### APPROXIMATE WORKLOAD

<table>
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<tr>
<th>Lectures &amp; Workshops</th>
<th>Team Work</th>
<th>Personal Work</th>
<th>Readings</th>
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<tr>
<td>&gt;30 hours</td>
<td>&gt;50 hours</td>
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### PRE-REQUISITE

PM2003 Venture/Project Economics and Finance;  
Must have completed CPD1011 Professional Development Planning

### OBJECTIVES

Upon completion of the course, the student should:

- Have grounding in project formulation processes and techniques
- Be able to design and orchestrate actual project formulation studies
- Be able to develop criteria for appraisal and optimisation that incorporate not only financial returns but also community and stakeholders’ benefits

### TARGET COMPETENCIES (Project and Program Management)

Target competencies in this unit of study comprise the following:

#### Designing the Planning Framework & Approach (Initiation, planning framework, criteria & QM)

- Ability to design and implement an integrated project formulation & business planning framework, defining relevant processes, tools, information needs and stages

#### Formulating Product/Service

- Ability to assess demand for target service/product, including market segmentation, forecasting, marketing strategies
- Ability to develop business architecture/model, conceptual design, major components and associated information to the extent that the feasibility of the scheme can be investigated

#### Planning for Management & Administration

- Ability to assess & factor in statutory & due diligence requirements (including planning issues, permits, environmental and other legal and statutory requirements, community acceptance, long term responsibilities and liabilities)
- Ability to determine optimum managerial structures respectively during business planning, implementation and operation phases

#### Environment & Stakeholders’ Management

- Ability to identify all stakeholders, evaluate their needs, plan their participation & manage their
<table>
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<th><strong>interests continuously throughout venture/project life</strong></th>
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<td>• Ability to manage health and safety issues during both implementation and operation stages of the project</td>
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<td>• Ability to assess, enhance and manage project’s environmental sustainability incl. impacts assessment &amp; management</td>
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<tr>
<td>• Ability to determine social benefits and costs, and estimate the relevant benefit-cost ratios taking into account the spread of benefits and costs as widely as possible within the communities affected, the users and the environment as a whole</td>
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**Formulating Business/Venture**
- Ability to forecast revenues based on the estimated market size over proposed operating life, in line with the expected future sales and charges
- Ability to estimate capital expenditure and operating & maintenance costs, indirect costs and other expenses (e.g. sales expenses) during the currency of the proposed scheme
- Ability to identify and quantify or assess potential risks and uncertainties, and determination of strategies to reduce exposure to risks and long term liabilities, as well as ability to develop contingency plans against those risks
- Ability to assess potential funding sources, including equity or loans or issue of bonds and debentures, and or a mixture or variations of these
- Ability to investigate project/venture financial viability, incl. application of financial appraisal techniques and optimisation of business concept

**Formulating Implementation Plan**
- Project objectives & KPIs
- Scope & deliverables
- Integration & communication management
- Time
- Cost & budget
- Quality management
- Risks & uncertainty management
- Procurement management
- Human resource management
- Systems management

**Presenting Business & Implementation Plan**
- Ability to integrate information, compile a professionally designed project definition report, combining business plan & implementation plan
- Ability to design & present executive summaries, presentation slides and other targeted briefings for promotion of the venture to sponsors, investors, financiers, government agencies and other key players
- Ability to design prudent strategies, develop special publications, newsletters & announcements, incl. contents for web site and other modes in order to communicate with external stakeholders and the public

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<th><strong>TARGET COMPETENCIES</strong> (Personal and Socio-cultural)</th>
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<td>• Generic: All competencies that are common to all professionals (including cognitive and communication abilities, problem solving and analytical mindset)</td>
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<td>• Leadership: Ability to direct, motivate &amp; manage individuals &amp; teams.</td>
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<td>• Commitment: Ability to dedicate to tasks &amp; to project outcomes.</td>
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<td>• Attitude: Ability to create the right frame of mind that promotes integrity &amp; support for achievement of project goals within a social context.</td>
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<td>• Self Direction: Ability to manage within and without guidelines &amp; processes, and to work without supervision.</td>
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<td>• Learning: Ability to commit to continuous improvement in knowledge, skills &amp; attitude, &amp; to creating new knowledge developing skills &amp; approaches.</td>
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<td>• Cultural Empathy: Ability to respect for &amp; accommodation of individual lifestyle, beliefs &amp; norms.</td>
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<td>• Creativity &amp; Innovation: Capacity to generate new ideas/approaches &amp; make them happen.</td>
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<th><strong>MODES OF DELIVERY</strong></th>
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<tr>
<td>• Upfront intensive workshop (one week)</td>
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<tr>
<td>• Project and team based flexible work facilitated via the Internet (over 10 weeks)</td>
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### ASSESSMENT

1. Formal knowledge test
2. Team project submissions (formatted as per specification for the same)
3. Formal PM competency assessment
4. Formal Leadership & Socio-cultural competency assessment

### PRINTED MATERIALS

Course notes as provided by Professor Jaafari
Case study material (select one of the nominated case study projects or students’ own case project subject to endorsement)
Brief for team projects

Books and journal papers that address the front-end planning and formulation of projects. These tend to be similar to books on entrepreneurship. One example text is the one by Timmons stated already.

Books that enhance the students’ knowledge in the following areas are also relevant: Project economics and finance; Risk analysis and management; Project statutory planning and due diligence; Organisation design and project administration; Quality and Procurement Management.


Please note that no book completely covers the scope of your course.

### WEB SITES

No single Web site presents all the necessary knowledge that students need to learn and apply. However, opposite are some useful sites to visit.

Online useful sources of references are:
Students are expected to conduct own search and locate useful web sites. The following are just a sample of such sites:
- [http://members.aol.com/AllenWeb](http://members.aol.com/AllenWeb)
- [http://www.gannettfleming.com/damproject/01_home.htm](http://www.gannettfleming.com/damproject/01_home.htm)
- [http://www.projectmanagement.tas.gov/index.htm](http://www.projectmanagement.tas.gov/index.htm)
- [http://www.adb.org/Projects](http://www.adb.org/Projects)

### SOFTWARE

Not applicable

Students may wish to use commercially available software such as @Risk for their analytical tasks.

### COURSE CONTENTS

**Intensive Phase**

**Day 1**

- Introduction to course aims, objectives, target competencies, learning strategies, resources
available, timetable and deliverables, assessment methods and related briefings

- Case study presentation
- Briefing on how to conduct the entire unit of study
- Lecture: Project formulation and business planning fundamentals
- Tutorial work on project conceptualisation studies including market assessment and quantification, project options and scale
- Lecture: Project appraisal and selection of preferred option
- Tutorial work on financial model for the case project (project revenue model, capital expenditure, return etc)
  - Uncertainty and risks and their impact on financial results
  - Time to market and impact on financials
- Solution to tutorial on financial modelling and selection of preferred option
- Class discussion of project appraisal and selection of preferred option

Day 2

- Lecture: Project organisation during each phase and due diligence
- Tutorial work on project organisation design, statutory requirements and legal compliance
  - Project development phase – organisation design and due diligence
  - Project implementation phase – organisation design and due diligence
  - Project operation phase – organisation and due diligence
- Tutorial solution and class discussion of project organisation design and due diligence

Day 3

- Lecture: Project delivery: procurement and quality management strategies
- Tutorial work on project implementation studies, quality, risk and procurement management strategies
- Class discussion of tutorial solution and project procurement and quality management strategies

Day 4

- Revision and preparation for test
- Reinforcing learning outcomes and application of the same to forthcoming team project
- Conduct of written test on fundamentals of project formulation and business planning
- Students’ feedback on intensive phase

Teamwork phase

A structured learning program will be applied; in summary form it will comprise:

- An overall process for project formulation and business planning as per typical approach advised in the unit’s web site;
- A program of the learning activities which are part of student’s Team Workplan and individual competency acquisition needs. All teamwork activities are to be conducted within the Master Schedule as advised in the unit’s web site (detailed schedules are to be developed and submitted as part of the Team Work/QA Plan)
- The Brief is available as downloadable files. Your team needs to follow this Brief carefully and submit all its work as per format specified.

The Learning activities will broadly comprise:

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<th>Activity 1</th>
<th>Activity 2</th>
<th>Activity 3</th>
<th>Activity 4</th>
<th>Activity 5</th>
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<tbody>
<tr>
<td>Team Formation, Case Project selection and team QA/Workplan</td>
<td>Best Practice Models vs. Case Project Requirements</td>
<td>Initiation Plan for Case Project Delivery (Strategy)</td>
<td>Detailed Plan for Case Project Delivery</td>
<td>Evaluation, Formatting and Presentation of Project Report</td>
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<tr>
<td>Submit Case Study,</td>
<td>Submit Literature Review</td>
<td>Submit Methodology &amp; Hypotheses</td>
<td>Submit Critical Evaluation</td>
<td>Submit Final Report &amp; Presentation</td>
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<tr>
<td><strong>COMPETENCY VALIDATION (via evidence and professional interview)</strong></td>
<td><strong>Final Report</strong></td>
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<td>Continuous reflection, self and peer assessment and competency acquisition. Final Individual Report and Viva to validate</td>
<td>Each student is to plan to progressively acquire, develop and document both target PM and Personal/Socio-cultural competencies. The protocols on the web site for this purpose need to be followed carefully to prepare the required evidence of competency acquisition. The evidence for this unit to comprise a final report in two parts to validate individually the following: Project Management competencies and Personal and Socio-cultural competencies. These will be assessed separately and both need to show the student’s development history using the student’s L&amp;D plan and the competencies gained in all previous units of study as the starting point.</td>
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