**Project Proposal**

**Sample Only**

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**Revision 3.10**

**Dynamo**

1. **Overview:**

Our team will model the expected net profit under two different business scenarios for a magazine/newspaper company. The model will detail expected sales and costs for these scenarios over a 3 year time period broken into quarters. The business objective of this model will be to decide which strategy will maximize profits for the magazine company. In the current economic climate access to funds for expansion is limited, so it is critical that the business make the best strategic decision possible for business expansion. The Dynamo Team’s Model will help the business make the decision to expand retail operations or distribute more items to third party vendors. This model will be critical to management’s ability to manage the business expansion effectively. The Model’s users are the Business Manager, Bank Officer, Business Analyst, Finance Department, Accounting Department, and investors in the company. The scope of this problem will be defined as: Based on a Profit and Loss Statement (P&L), our team will indicate how the business transfers operations into revenue, expenses, and finally, net income. The number of stores, warehouses and customers are defined as 3 input streams to the model. In the model’s parameter blocks, the parameters contained are user-modifiable expenses and revenues figures such as Cost of Goods Sold, Labor Costs, and Profit Margins.

The model will use the figures from the parameter blocks as well as data from the input streams to project net income over twelve quarters for each of our scenarios. Description of the two scenarios is as follows; under scenario one the company pursues a 70% retail operation, and a 30% Distribution operation. A retail operation provides a 10% profit margin on inventory, but overhead costs are higher. Under scenario two the company pursues a 30% retail operation and a 70% distribute on operation. A distribution operation provides a 5% profit margin on inventory, and overhead costs are lower than running a retail operation.

1. **Budget:**

Planning: 20 hours in total for the entire team (this includes the re-work of the Project Proposal)

Modeling: 60 hours – this total is estimated and is for the entire team and this total may exceed 60 hours based on the complexity of the financial model

Documents: 24 hours – this total for the entire team is estimated and may be over-budgeted if more work goes in to the planning/modeling phase

Execution: 8 hours – this total is for the entire team and is a ballpark estimate which may require more time

Total: 112 hours for the entire team – the hours per person will vary per section but should be approximately equal

Note: each of the sections includes a 20% time contingency and then the hours are rounded up.

1. **Team:**

The Dynamo team will consist of the following members: team members. For the project proposal, one team member took on the role of putting together the project overview. Team member was responsible for preparing the budget and putting together the document requirements. Team member devoted her efforts to outlining the preliminary inputs, parameters and outputs for the model and the formatting requirements. Team member prepared the section on the team as well as the schedule and milestones. All team members will collaborate to develop the model and build various sections of the inputs, parameters and outputs as assigned. One member, as yet to be determined, will also act as the project coordinator. This will help facilitate the project’s workflow and ensure that the various components developed by each team member are integrated into a cohesive final product.

1. **Inputs, Parameters, and Outputs:**

**Three Inputs:**

**-**In the first input stream theNumber ofStores opened per quarter. The number of stores opened will grow as the business expands.

-In the second input stream theNumber of Warehousesopened per quarter. The number of warehouses opened will grow as the business expands.

-In the third input stream the Number of Customers per store over twelve quarters.The customer base will grow as the business expands and the customer base will also be influenced by outside factors, such as the time of year.

**Five Parameters/Parameter Blocks:**

-Parameter Block: Average cost of goods sold for magazines and newspapers by category of inventory in dollars (rounded).

-Parameter Block:The labor costs for employees in both retail/distribution scenarios. The costs will be in dollars per hour and the hourly costs will be fully loaded to include all auxiliary payroll costs including labor.

-Parameter Block:All costs to run one retail facility, not including labor, the cost will be in rounded dollars per quarter.

-Parameter Block:All costs to run one distribution operation in dollars (rounded) per quarter, exclusive of labor.

-Parameter: Profit margin on the cost of goods sold expressed as a percentage.

**Two Outputs:**

**-**Total Expenses – calculate the total expenses per quarter in dollars.

-Gross Revenue – calculate the gross revenue per quarter in dollars.

1. **Schedule and Milestones:**

**Week of 10/19** – Team prepares and submits project proposal.

**Week of 11/02** – Team revises proposal. Review model inputs, parameters and outputs and begin to estimate costs for each component.

**Week of 11/09** - Assess progress to date, prepare submit midpoint status report. This will help the team determine which areas need additional focus and adjust course as needed.

**Week of 11/16** - Begin to develop model and assign various components such as costing of retail business, distribution business etc. to team members

**Week of 11/23** – Continue to refine model and determine the framework and structure for the final product.

**Week of 12/7** – Begin putting together the user’s guide and reference guide.

**Week of 12/14** - Team will start to formulate a conclusion for the project and work on preparing the final report. Project coordinator will work with the group to ensure all the report requirements are being met.

**Week 01/04** – Team meets to review the final product and make any necessary changes before the work is submitted for 01/15/09 deadline.