TW2Beers

**Sample Only**

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Midpoint Status Report

Revision Number 2

**1. Problem Definition**

Three entrepreneurs who love beer have built their own brewery in Topeka, Kansas. Ultimately, their goal is to deliver beer across the nation, but since start-up funds are tight, they must select one initial city to which they will deliver beer over the next twelve months. They are now trying to decide in which city to initiate sales and have narrowed their choices down to Madison, Wisconsin or Austin, Texas. We propose a spreadsheet model named TW2Beers that will help the three brewery owners decide between initiating sales in Madison or Austin. The overall business objective is to select the destination city that yields the highest bottom line over the next twelve months (i.e., the highest net income on the projected income statement). The scope of the model will include revenue projections (i.e., sales less cost of goods sold); operating expenses (i.e., human resources, transportation, and depreciation expenses); and net income (i.e., revenues less expenses and taxes). Analyses other than those mentioned here will be out of scope for the proposed model.

The two scenarios being considered are: (1) initiating beer sales in Madison, Wisconsin or (2) initiating beer sales in Austin, Texas. In Madison, the predominantly cold weather leads consumers to purchase more dark beer than light beer; dark beer is more expensive to make but has a higher price point. In Austin, the predominantly hot weather leads consumers to purchase more light beer than dark. Overall, consumers in Madison buy more beer than consumers in Austin, but transporting the beer to Madison is more expensive because during the winter, the road conditions are bad requiring longer delivery times as trucks must drive more slowly, and a truck used to drive back and forth between Topeka to Madison will depreciate more quickly than a truck used to drive back and forth between Topeka to Austin. Finally, because interstate deliveries are a new service being provided by TW2Beers, there will be a learning curve for the truck drivers.

Using sales projections from the TW2Beers sales department and reasonable assumptions about the sales price of beer, number and cost of kegs manufactured per brewed batch, employee productivity and pay rates, transportation capacity and cost, and tax rates, we will be able to model the effect that initiating sales in Madison versus Austin will have on the projected bottom line on the forecasted income statement.

Since the initial proposal, there have been modifications to the proposed spreadsheet model. To make the model more dynamic, we will now include the effects of truck depreciation and the truck driver learning curve on TW2Beers’ projected net income. Because we initially reported too many output streams, we have refined our number of output streams to three:

CumRev – the cumulative revenue (sales revenue less cost of goods sold) over the next 12 months

CumExp – the cumulative expenses (selling, transport, depreciation expenses) over the next 12 months

CumNetIncome – the cumulative net income (revenue less expense and taxes) earned by the brewery over the next 12 months

**2. Who does what**

The project team consists of XXXX, XXXX, and XXXX. XXXX will serve as team coordinator. Moving forward, the remaining components of developing the proposed model can be divided into nine concrete tasks which have been assigned as follows: XXXX will model sales revenue; XXXX will model cost of goods sold; XXXX will model selling expenses; XXXX will model transportation expenses; XXXX will model depreciation expenses; XXXX will compile everyone’s components into one workbook and model net income; XXXX will create charts to graphically display the outputs; XXXX will draft the final report; and XXXX will draft the usage and maintenance guide.

**3. Refined schedule and budget**

Since the initial proposal, the only change to the schedule is the addition of a “Midpoint Status” column to the far right which reports the progress of each scheduled item. The proposed project is being completed according to the following schedule.

|  |  |  |
| --- | --- | --- |
| SCHEUDLE | | |
| Action Item | Deadline | Midpoint Status |
| Team meeting | 10/06/2013 | Complete |
| Define the problem | 10/06/2013 | Complete |
| Allocate the project components amongst the team members | 10/07/2013 | Complete |
| Devise a schedule for completion of the entire project | 10/08/2013 | Complete |
| Draft Course Project Proposal | 10/08/2013 | Complete |
| MILESTONE 1: Submit Course Project Proposal deliverable via DropBox | 10/09/2013 | Complete |
| Model sales revenues in Excel | 10/15/2013 | Complete |
| Model cost of goods sold in Excel | 10/23/2013 | Complete |
| Team meeting | 10/25/2013 | Complete |
| Draft Midpoint Status Report | 10/27/2013 | Complete |
| MILESTONE 2: Submit Midpoint Status Report deliverable via DropBox | 10/30/2013 | Complete |
| Model selling expenses in Excel | 11/10/2013 | In progress |
| Model transportation expenses in Excel | 11/20/2013 | In progress |
| MILESTONE 3: Circulate draft spreadsheet model deliverable to all team members for review | 11/30/2013 | On track |
| Team meeting | 12/6/2013 | On track |
| Revise spreadsheet model | 12/7/2013 | On track |
| Draft Final Report | 12/13/2013 | On track |
| Draft Usage and Maintenance Guide | 12/15/2013 | On track |
| Team meeting | 12/17/2013 | On track |
| MILESTONE 4: Submit Final Report and Usage and Maintenance Guide deliverable | 12/18/2013 | On track |
| De-identify all project documents | 12/20/2013 | On track |
| MILESTONE 5: Submit De-Identified Project Documents for submission to Course Project Library deliverable via DropBox | 12/20/2013 | On track |

Since the Initial Proposal, we have updated the budget by making it more detailed and by reevaluating the estimated cost because our initial estimate of 53 hours was too low. We now estimate that the total cost to deliver the proposed spreadsheet model is 74 hours. The itemized breakdown can be found below.

|  |  |  |  |
| --- | --- | --- | --- |
| REFINED BUDGET | |  |  |
| Action Item | Cost to draft | Cost to revise | Total Cost |
| Planning |  |  |  |
| Define the problem | 5 | 2 | 7 |
| Allocate the project components amongst team members | 1 | 1 | 2 |
| Devise a schedule for completion of the entire project | 1 | 1 | 2 |
| Modeling |  |  |  |
| Model revenues | 7 | 3 | 10 |
| Model expenses | 7 | 3 | 10 |
| Model net income | 5 | 1 | 6 |
| Graphically display output using charts | 4 | 1 | 5 |
| Documents |  |  |  |
| Cost of producing Course Project Proposal | 4 | 1 | 5 |
| Cost of producing Midpoint Status Report | 3 | 1 | 4 |
| Cost of producing Final Report | 6 | 3 | 9 |
| Cost of producing Usage and Maintenance Guide | 5 | 2 | 7 |
| Execution |  |  |  |
| Explore the problem | 2 | 1 | 3 |
| Make observations of model’s behavior | 3 | 1 | 4 |
| TOTAL | 53 | 21 | 74 |

**4. Appendix**

None.