**PROJECT MANAGEMENT**

**Learning Outcome 3: ACTIVITY 2**

**PAIRS/GROUP ACTIVITY**

**Salcomba Construction Ltd**

In a search for cost savings, the Chief Executive of Salcomba Construction Ltd has identified a reduction in the huge amount of paper forms and reports in circulation as a key target for improvement. To reduce all this paperwork an IT project will be required to design and implement a document imaging system in the business.

Initial planning has taken place and the nine project tasks and their sequencing have been identified. Table 1 summarises the plan along with time and cost estimates for each activity.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Task** | **Preceding Task** | **Duration (weeks)** | **Fixed Cost for the Task ($)** | **Variable cost per week ($)** |
| A | - | 2 | 1,500 |  |
| B | A | 5 | 4,000 | 700 |
| C | B | 2 | 2,000 |  |
| D | A | 3 | 3,000 |  |
| E | C | 7 | 1,000 | 800 |
| F | D | 12 |  | 500 |
| G | C | 9 | 4,500 |  |
| H | G | 6 | 2,000 |  |
| I | E F H | 7 |  | 1,200 |

**Table 1**

The costs in Table 1 do not include the fixed cost of the computer equipment of $15,000. The project will also be charged $900 per week for accommodation - which will be chargeable for every week that the project is in progress.

The project manager will cost the project $4,000 per month (or any part of a month) while the project is in progress.

Using the information:

**(i)** draw a network diagram for the project

**(ii)** identify the critical path

**(iii)** ascertain the planned duration of the project

1. calculate the total project cost based on the estimates provided.