SCSD2613
System Analysis and Design

PART II:
Project Planning Process

Learning Objectives

- Understand how projects are initiated and selected.
- Define a business problem and determine the feasibility of a proposed project.
- Plan a project by identifying activities and scheduling them.
- Manage team members and analysis and design activities so the project objectives are met while the project remains on schedule.

Project Management Overview

- Project initiation
- Determining project feasibility
- Managing times and activities
- Project scheduling
- Managing the project team

Kendall & Kendall

How does project begin ?

- **Problems**
- **Opportunities**

Project Initiation

- Problems in the organization
  - Problems that lend themselves to systems solutions
- Opportunities for improvement
  - Caused through upgrading, altering, or installing new systems

Figure 3.1 Checking output, observing employee behavior, and listening to feedback are all ways to help the analyst pinpoint systems problems and opportunities

To Identify Problems	Look for These Specific Signs:
Check output against performance criteria.	• Too many errors • Work completed slowly • Work done incorrectly • Work done incompletely • Work not done at all
Observe behavior of employees.	• High absenteeism • High job dissatisfaction • High job turnover
Listen to external feedback from: Vendors. Customers. Suppliers.	• Complaints • Suggestions for improvement • Loss of sales • Lower sales

Typical IS Problem

- **Relevancy** to decision making.
- **Accuracy**, comprising completeness, correctness and security
- **Timeless** to decision making needs.
- **Economy**, resources or cost
- **Efficiency**, expressed as amount produced per economic unit
- **Reliability**, measuring the consistency
- **Usability**, the human factors dimension

Problem Definition Steps

i. Find a number of points that may be included in one issue.

ii. State the objective.

iii. Determine the relative importance of the issues or objectives.

iv. Identify which objectives are most critical.

Problem Definition -Content

- Problem statement
  - A paragraph or two stating the problem or opportunity.
- Issues (current situation)
  - Major independent pieces of the problem or opportunity.
- Objectives (desired situation)
  - Goals that match the issues point-by-point.
- Requirements
  - The things that must be accomplished (with the possible solutions and the constraints)
  - May include security, usability, government req. etc
- Constraints
  - The limitation – budget, time etc.

Selection Of Projects

- Backing from management.
- Appropriate timing of project commitment.
- Possibility of improving attainment of organizational goals.
- Practical in terms of resources for the system analyst and organization.
- Worthwhile project compared with other ways the organization could invest resources.

Determining Feasibility

- Determine whether the selected projects are feasible.
- Determining resources – a feasibility study assesses the operational, technical, and economic merits of the proposed project.
  - Technical feasibility
  - Operational feasibility
  - Economical feasibility

Figure 3.5 The three key elements of feasibility include technical, economic, and operational feasibility

The Three Key Elements of Feasibility
Technical Feasibility Add on to present system Technology available to meet users' needs
Economic Feasibility Systems analysts' time Cost of systems study Cost of employees' time for study Estimated cost of hardware Cost of packaged software or software development
Operational Feasibility Whether the system will operate when installed Whether the system will be used

Operational Feasibility

- Operational feasibility determines if the human resources are available to operate the system once it has been installed.
- Users that do not want a new system may prevent it from becoming operationally feasible.

Technical Feasibility

- Technical feasibility assesses whether the **current technical resources** are sufficient for the new system.
- If they are not available, can they be upgraded to provide the level of technology necessary for the new system.

Economic Feasibility

- Economic feasibility determines whether the **time and money** are available to develop the system.
- Perform **cost-benefit analysis (CBA).**
- Includes the purchase of
  - New equipment
  - Hardware
  - Software

Identifying Benefits and Costs

- **Tangible benefits** - advantages that are measurable and accrue to the organisation through the use of IS.
- Can be measured in terms of dollars, resources or time saved
  - Increase sales, increase speed of processing

- **Intangible benefits** – benefits that accrue to an organisation from the use of an IS are difficult to measure but are important nonetheless.
  - Improving the decision-making process, maintaining a good business image, more competitive in customer service

Identifying Benefits and Costs

- **Tangible costs** – can accurately projected by the personnel, well established or can be discover quite easily
  - Equipments, cost of resources, employee salaries etc

- **Intangible costs** – difficult to estimate and may not be known.
  - Losing a competitive edge, losing the reputation, declining company image.

Cost-Benefit Analysis (CBA)

- The analysis to compare costs and benefits to see whether investing in the development of a new system will be beneficial.
  - Break-even analysis, payback, cash-flow analysis, **present value analysis**.

- Two main costs:
  - **Development costs** – one-time costs of installing new system and
  - **Production costs –** recur during operation of a system

Comparing Cost and Benefit

- Well-known techniques: Break-even analysis, Cash-flow analysis, Payback, Present value analysis
- Guidelines for analysis:

Techniques	Use if/when
Break-even analysis	the project needs to be justified in terms of cost
Cash-flow analysis	the project is expensive relative to the size of the company
Payback	the improved tangible benefits form a convincing arguments for the proposed system
Present value analysis	The payback period is long

Cost-Benefit Analysis (CBA)
- Present Value Analysis (PVA) -

- Present value is calculated using the formula.

- A way to assess all the economic outlays and revenues of the IS over its economic life and to compare costs/benefits today with future costs/benefits.

PV = Payment X $(1/(1+C)^n)$

C = discount rate or cost of money.

n = number of periods projected.

"**21 668** = 28 840 X $(1/(1+0.10)^3)$"

CBA Sample:
Present Value Analysis (PVA)

Estimated Cost	
Hardware	RM50 000
Software	RM 7 500
Consultant	RM 20 000
Training	RM 20 000
Supplies	RM 2 400 per year
IS Support	RM 18 000 per year
Maintenance	RM 2 500 per year

Estimated Benefits	
Inventory Savings	RM 1 500 per week

Assumptions	
Discount rate	**10%**
Sensitivity factor(cost)	1.1
Sensitivity factor(benefits)	0.9
Annual change in production costs	7%
Annual change in benefits	5%

CBA Sample:
Present Value Analysis (PVA)

Costs	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Development Costs						
▪ Hardware	55 000					
▪ Software	8 250					
▪ Consultant	22 000					
▪ Training	22 000					
Total	107 250					
Production Costs						
▪ Supplies		2 640	2 825	3 023	3 235	3 461
▪ IS Support		19 800	21 186	22 669	24 256	25 954
▪ Maintenance		2 750	2 943	3 149	3 369	3 605
Annual Prod. Costs		25 190	26 954	28 841	30 860	33 020
Present Value		22 900	22 276	21 669	21 078	20 503
Accumulated Costs		130 150	152 426	174 095	195 173	215 676

50 000*1.1

2 400*1.1

(2 640*0.07)+ 2 640

"22 900 = 25 190 X (1/(1+ 0.10)^{1})"

152 426 = 130 150 + 22 276

CBA Sample:
Present Value Analysis (PVA)

1500*52*0.9

(70 200*0.05)+ 70 200

Benefits	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Inventory saving		70 200	73 710	77 396	81 266	85 329
Present Value		63 818	60 917	58 149	55 506	52 983
Accumulated benefits		63 818	124 735	182 884	238 390	291 373
Gain or Loss		(66 332)	(27 691)	8789	43 217	75 697
Profitability Index	0.71					

Profitability index = 0.71, showing that it **is not good investment** because of its index **is less than 1.**

"0.71 = 75 697 / 107 250" → **Gain or Loss / Development Cost**

CBA Exercise

Project Planning & Control

- Planning includes:
  - Selecting a systems analysis team, assign members.
  - Estimating time required to complete each task.
  - Scheduling the project.

- Control means using feedback to monitor project, including:
  - Comparing the plan for the project with its actual evolution.
  - Taking appropriate action to expedite or reschedule activities.

Managing Time and Activities

- For completing projects on time, within budget and including the features promised, a project needs to be broken down into smaller tasks or activities – work breakdown structure (WBS)
- WBS can be **product-oriented** or **process-oriented**
- Time is estimated for each task or activity.

Figure 3.16 Beginning to plan a project by breaking it into major activities

**** Do Phase 1 (Planning) first before analysis phase :

Phase	Activity
Analysis	Data gathering Data flow and decision analysis Proposal preparation
Design	Data entry design Input design Output design Data organization
Implementation	Implementation Evaluation

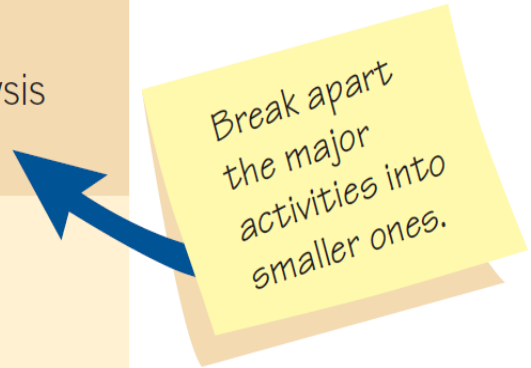
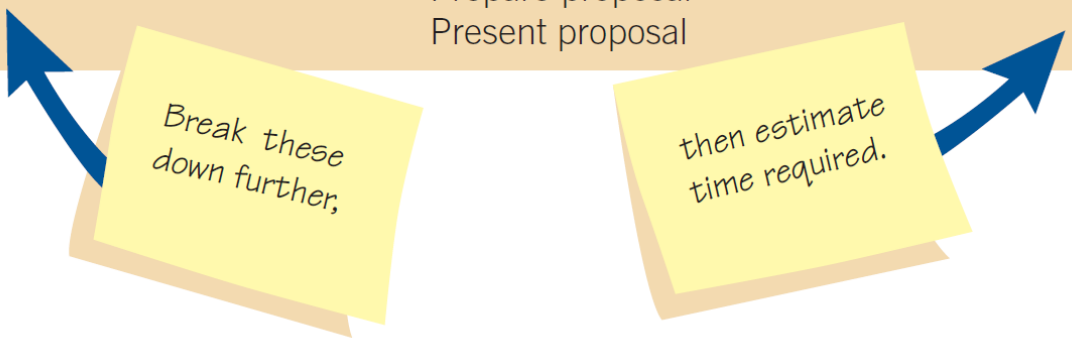


Figure 3.17 Refining the planning and scheduling of analysis activities by adding detailed tasks and establishing the time required to complete the tasks

Activity	Detailed Activity	Weeks Required
Data gathering	Conduct interviews	3
	Administer questionnaires	4
	Read company reports	4
	Introduce prototype	5
	Observe reactions to prototype	3
Data flow and decision analysis	Analyze data flow	8
Proposal preparation	Perform cost/benefit analysis	3
	Prepare proposal	2
	Present proposal	2

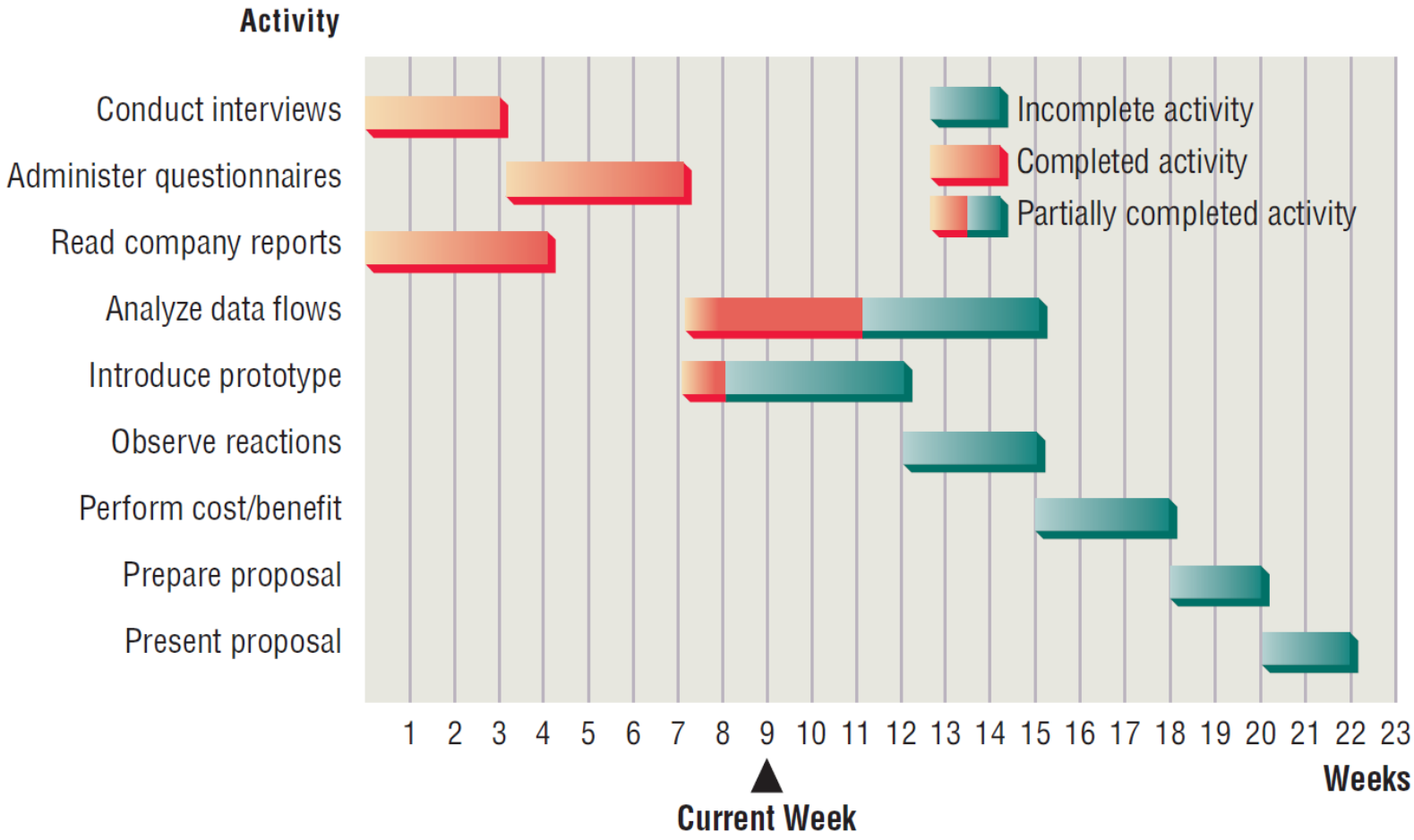


Project Scheduling Tools – Gantt Charts

- Chart in which bars represent tasks or activities

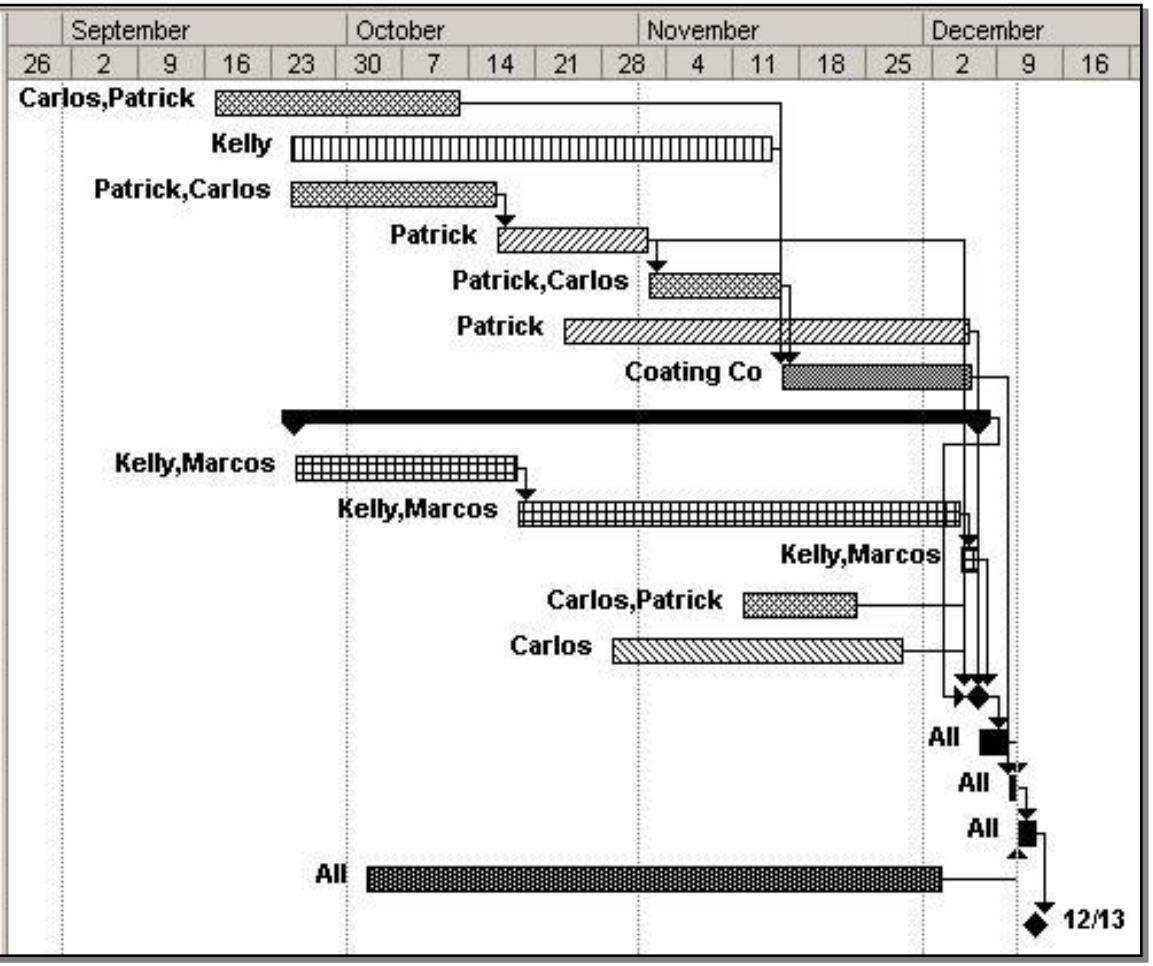
- Advantages:
  - Simple.
  - Worthwhile communication with end user.
  - Representing activities/tasks are drawn to scale.

Figure 3.18 Using a two-dimensional Gantt chart for planning activities that can be accomplished in parallel



Gantt Chart

Task Name	Duration
Research and choose coatings	2.86 wks
Get canoe balls ready	5.29 wks
Design washers	2.29 wks
Detailed washer repeatability analysis	1.71 wks
Make washers	1.43 wks
Make washer and canoe grooves	33 days
Have parts coated (max)	2.29 wks
Test rig development	**54.5 days**
Design	2.5 wks
Build	5 wks
Troubleshoot	0.29 wks
Research and chose lubricants	1.43 wks
Design Test and Test Automation	3.29 wks
Start testing	0 days
Test	3 days
Analyze data	1 day
Finish report and presentation	2 days
Write up analysis and results	6.43 wks
End of term	0 days



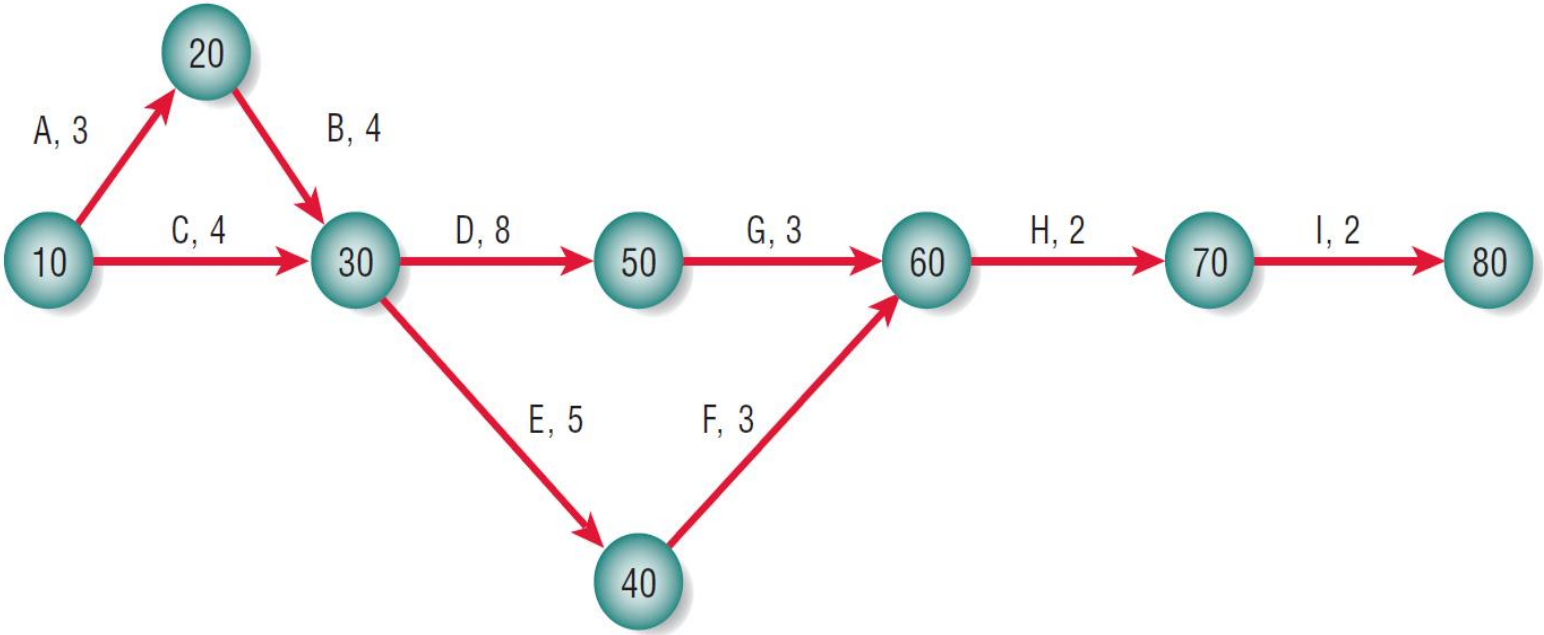
Project Scheduling Tools - PERT Diagram

- Useful when activities can be done in parallel rather than sequence.
- Represented by a network of nodes and arrows
- Nodes
  - called event, identified by numbers, letters etc
  - To recognize that an activity is completed
  - Indicate which activities need to be completed before new activities maybe undertaken (*precedence*)

Project Scheduling Tools - PERT Diagram

- Advantages:
  - Easy identification of the order of precedence.
  - Easy identification of the critical path and thus critical activities.
  - Easy determination of slack time.

Figure 3.22 A completed PERT diagram for the analysis phase of a systems project



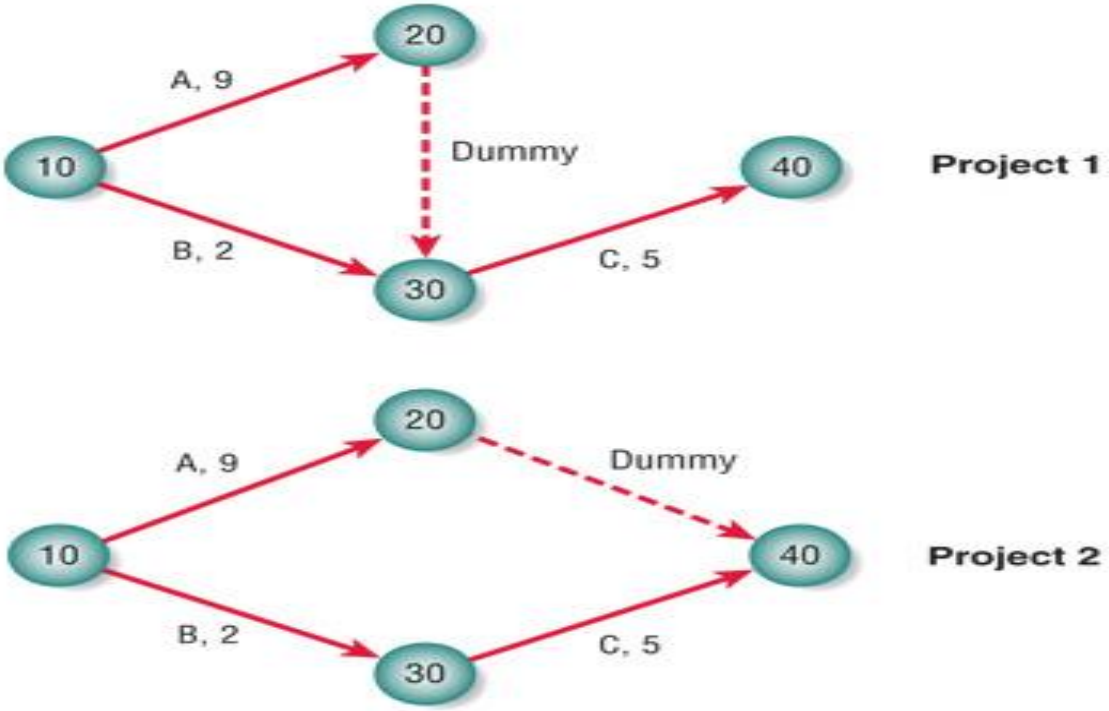
Circular nodes – called events & can be identified by numbers, letters etc

A,3 - means Activity A has a duration of 3 days/weeks/months

Project Scheduling Tools - PERT Diagram

- Occasionally, PERT Diagram need pseudo-activities, referred to as dummy activities
- It is used to preserve the logic or clarify the diagram.

* Insert dummy to show logical sequence of the activity.



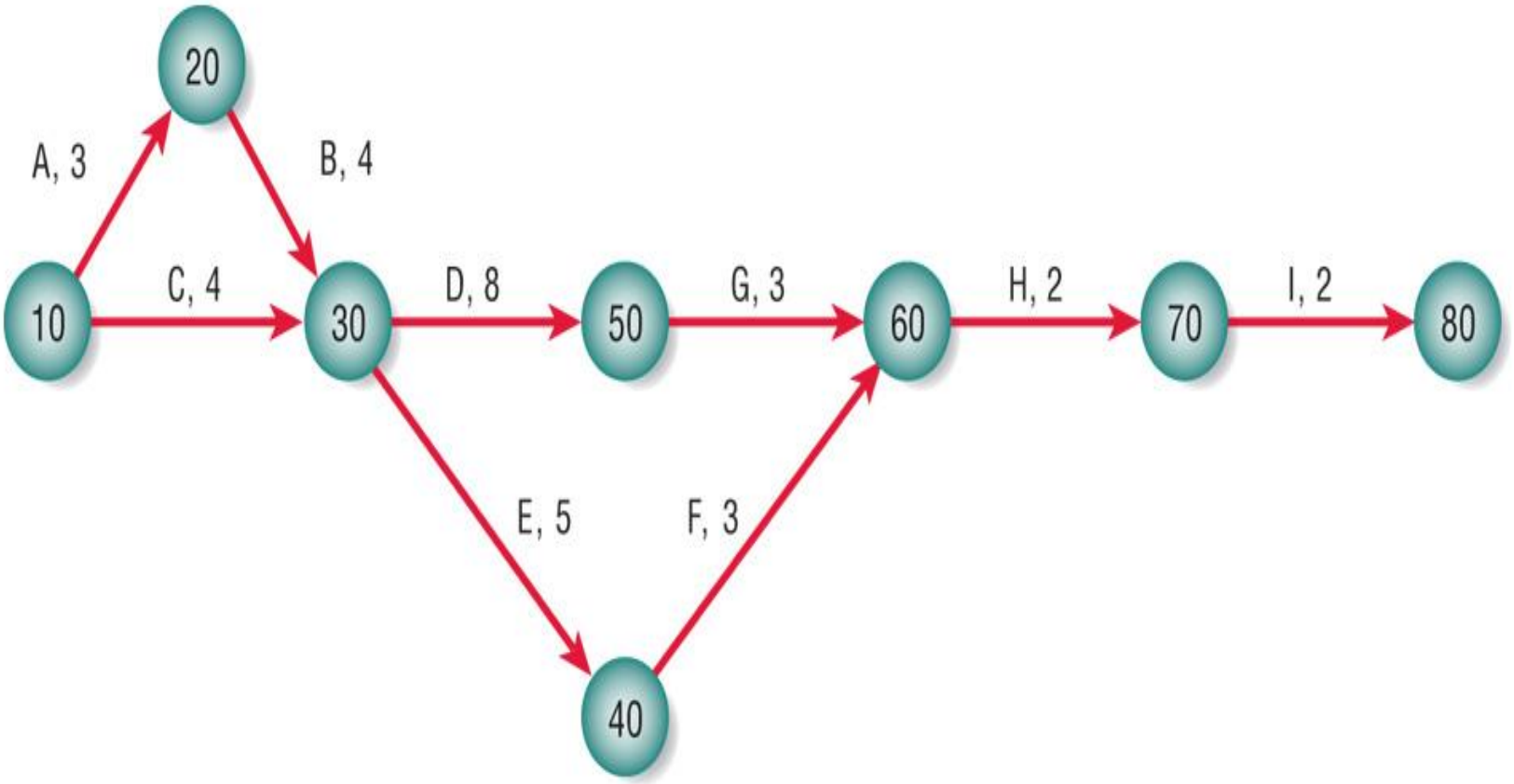
Project 1 – C can only be started if both A & B are finished

Project 2 – C only requires B's completion & could be under way while A is still taking place.

LISTING ACTIVITY TO BE USED IN network diagram before drawing it

Activity		Predecessor	Duration
A	Conduct interviews	None	3
B	Administer questionnaires	A	4
C	Read company reports	None	4
D	Analyze data flow	B, C	8
E	Introduce prototype	B, C	5
F	Observe reactions to prototype	E	3
G	Perform cost/benefit analysis	D	3
H	Prepare proposal	F, G	2
I	Present proposal	H	2

DRAW the PERT DIAGRAM



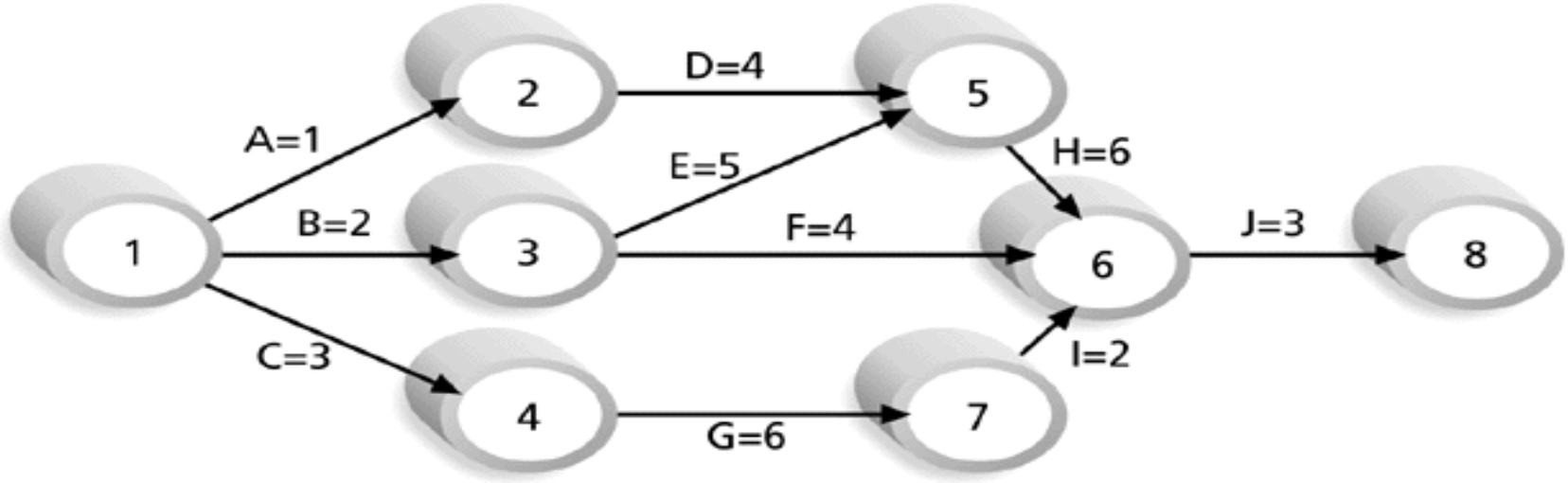
Critical Path Method (CPM)

- CPM is a project network analysis technique used to predict total project duration.
- The critical path is the *longest path* through the network diagram and has the least amount of slack or float.
- A critical path for a project is the series of activities that determines the *earliest time* by which the project can be completed.

Finding the Critical Path

- First develop a good project PERT diagram.
- Add the durations for all activities on each path through the project network diagram.
- The longest path is the critical path.

Determining the Critical Path for Project X



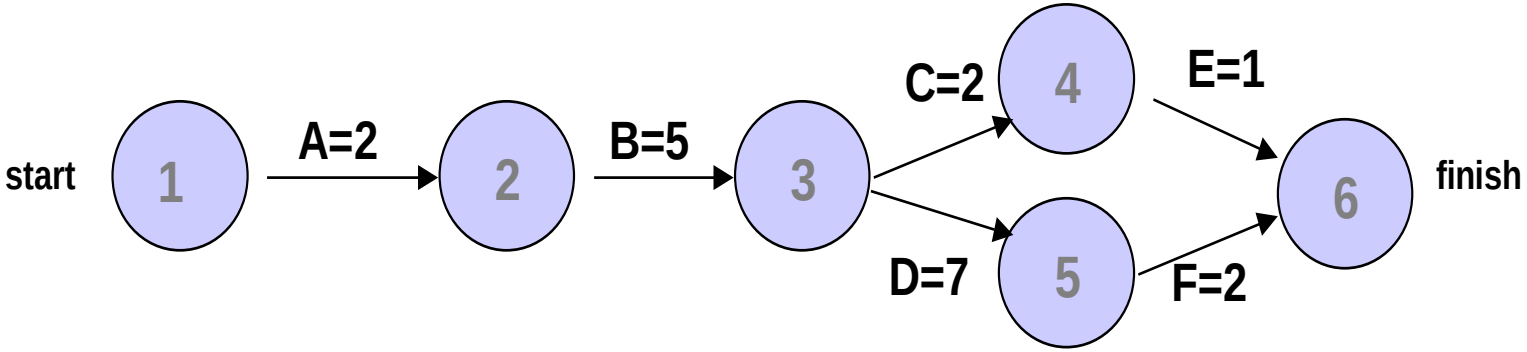
Note: Assume all durations are in days.

Path 1:	A-D-H-J	Length = 1+4+6+3 = 14 days
Path 2:	**B-E-H-J**	**Length = 2+5+6+3 = 16 days**
Path 3:	B-F-J	Length = 2+4+3 = 9 days
Path 4:	C-G-I-J	Length = 3+6+2+3 = 14 days

Since the critical path is the longest path through the network diagram, Path 2, B-E-H-J, is the critical path for Project X.

Determining the Critical Path

Consider the following project network diagram. Assume all times are in days.

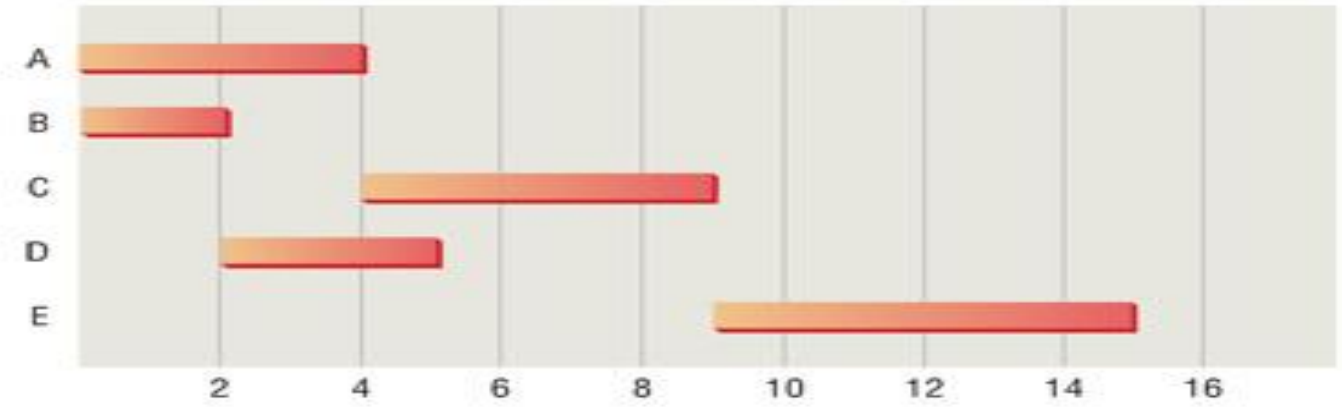


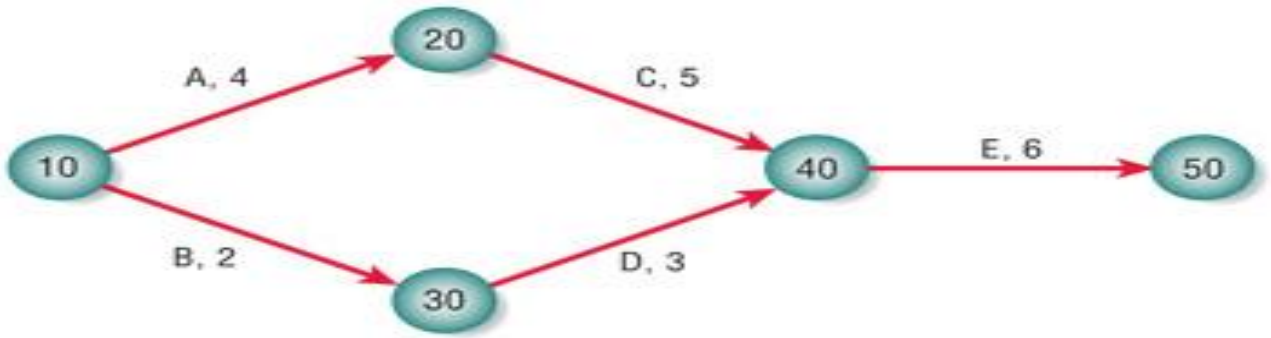
a. How many paths are on this network diagram?
b. How long is each path?
c. Which is the critical path?
d. What is the shortest amount of time needed to complete this project?

More on the Critical Path

- If one or more activities on the critical path takes longer than planned, the whole project schedule will slip *unless* corrective action is taken.
  - There can be more than one critical path if the lengths of two or more paths are the same.
  - The critical path can change as the project progresses.

Figure 3.19: A Gantt Chart compared with PERT Diagram for scheduling activities





PERT DIAGRAM Exercise

Controlling Changes to the Project Schedule

- Perform reality checks on schedules.
- Allow for contingencies.
- Don’t plan for everyone to work at 100% capacity all the time.
- Hold progress meetings with stakeholders and be clear and honest in communicating schedule issues.

Timeboxing

- Timeboxing sets an absolute due date for project delivery.
- The most critical features are developed first and implemented by the due date.
- Other features are added later.

Staffing Requirements

- Choice of software can influence the amount of effort that goes into system development.
- It is not true that the more people assigned to a task, the faster it will get done.

Managing Risk

- 30 percent of all projects succeed.
- 20 percent fail.
- 50 percent finish, but are either late, over budget, or offer fewer features than originally promised.

Managing The Project Team

- Team management
  a. Assembling a team.
  b. Team communication strategies.
  c. Project productivity goals.
  d. Team member motivation.

Assembling a Team

- Shared value of team work
- Good work ethic
- Honesty
- Competency
- Readiness to take on leadership based on expertise
- Motivation
- Enthusiasm for the project
- Trust of teammates

Communication Strategies

- Teams often have two leaders:
  - One who leads members to accomplish tasks.
  - One concerned with social relationships.
- The systems analyst must manage:
  - Team members.
  - Their activities.
  - Their time and resources.

Project Productivity Goals and Motivation

- Successful projects require that reasonable productivity goals for tangible outputs and process activities be set.
- Goal-setting helps to motivate team members.

Project Charter

- Describes in a written document what the expected results of the systems project are and the time frame for delivery.
- Written narrative that clarifies several questions such as:
  - What does the user expect of the project?
  - What is the scope?
  - What analysis methods will be used?
  - Who are the key participants?
  - What are the project deliverable?

Avoiding Project Failures

- Project failures may be prevented by:
  - Training.
  - Experience.
  - Learning why other projects have failed.

SUMMARY

- Project initiation
  - Problems or opportunities
- Determining project feasibility
  - operational, technical, economic-CBA
- Managing times and activities - WBS
- Project scheduling
  - Gantt Chart, PERT Diagram
- Managing the project team

References

Kendall, K.E. & Kendall, J.E., 2014. *System Analysis and Design*. 9th Ed. Essex:Pearson.

Q&A