Case Study

Student's Name

Institution

Case Study

The key objective of the current paper is to consider the Case Study ‘Project Scheduling at Blanque Cheque Construction’ and to respond to the questions for the discussion. First of all, the issues that weigh in favor of and against crashing the project should be discussed. It would be reasonable to provide a clear definition of crashing the project. According to the definition provided by the Business Dictionary, crashing means “reducing the completion time of a project by sharply increasing manpower and/or other expenses” (“Crashing,” n.d.). Therefore, the main question is whether Joe should attempt to finish the project in time regardless of some additional expenses or not.

According to the case study description, due to the unforeseen circumstances Joe’s project has been delayed many times. Joe became concerned about his ability to finish it in time because late completion of the project has quite significant consequences for both BCC and Joe. A series of penalties would be used for every week of delay. Moreover, Joe is managing his first project and its late completion might cause substantial negative consequences for Joe’s further career.

As it is known from the case study’s description, the BCC bid for the construction project came with some additional profit margin above what was common in the industry. That is why Joe is able to spend another $30,000 if needed. Therefore, Joe has additional financial resources but the project’s deadline cannot be extended.

It is noteworthy that the company’s reputation can be considered as an important asset. It is very easy to lose the company’s reputation or image because they are much more difficult to earn. Thus, taking into account a series of penalties for the company and the significant consequences for Joe's further career, it can be concluded that this project should be completed in time regardless of the possibility of incurring additional expenses.

In fact, the main advantage of crashing the project is additional expenses. However, it will not be possible to allocate additional budget for unexpected expenses if similar problems arise in the future. According to the assignment's description, Joe has calculated that crashing most of the final activities would bring them in close to the original contracted completion date at a substantial cost. However, the company has constructed this project with an additional profit margin and, as a result, Joe is able to spend additional $30,000. Taking into considerations the analysis of the opportunity costs associated with two alternatives, Joe should carry out the project in order to keep his reputation.

Some recommendations to solve the dilemma should also be provided from the site supervisor's based on clear evaluation of existing options. As mentioned earlier, Joe has two alternatives to either complete the project with a delay or to attempt to complete it in time regardless of the possibility of incurring additional expenses.

Considering the first option, it should be stated that some advantages include the absence of supplemental expenses and, as a result, higher company's efficiency and profitability. On the other hand, this option has its own disadvantages that include a series of penalties, loss of reputation, and fewer orders from the customer in the future due to negative experience with the partner.

Analyzing the second option, some of the advantages could be a retained company's image and improved relations with the company's clients. Thus, the company may expect additional orders from other clients and, as a result, improved total sales and effectiveness of

BCC. This option’s main disadvantage is the need of supplemental expenses in order to crash the project.

In the process of making the final decision, the possible penalties should be compared to the additional expenses needed to crash the project. If penalties are higher than the supplemental expenses, Joe should consider the second option more carefully. If additional expenses needed to complete the project in time exceed the future possible expenses, Joe should analyze the first option in details. Also, in order to analyze each option more carefully, the possible results of the loss of the company’s image should be taken into account.

As it is known, goodwill is defined as an intangible asset acquired by the company during the acquisition process of one firm by another with the excess price than the fair market value of the company. Goodwill may include the value of united company’s brand, a company’s image, favorable reputation, numerous customers, effective employees, and outstanding customer relations to name a few.

There are several ways to calculate the goodwill including the following:

- determination of the fair value of company’s tangible assets, and, thus, the goodwill can be calculated by subtracting the tangible assets’ fair value from the company’s sale value;

- subtracting of the company’s purchase price from the value of purchased net assets;

- subtracting the total value of assets from the purchase price.

It is noteworthy to mention that impaired goodwill can be determined by using one of the mentioned methods. Impaired goodwill means that the company’s reputation, its logo recognition, the customers’ base is decreased. Thus, the demand for the company’s products and services might decrease too. As a result, the company’s future total sales, net income, efficiency and profitability could also be reduced.

Therefore, the BCC’s future possible penalties and impaired goodwill should be compared to additional expenses needed to finish the project in time. There is a high possibility that the company’s possible loss will exceed additional expenses. That is why Joe should attempt to complete the project in time, regardless of the supplemental expenses.

References

Crashing. (n.d.). *Business Dictionary.* Retrieved from http://www.businessdictionary.com/definition/crashing.html