

### **Management Memorandum**

**DATE:** May 31st, 2012

**TO:** John Berry, CEO, Big Kola Company

**FROM:** Special Task Force - Fantastic 4: Super Juice

**SUBJECT:** Super Juice Project Status Update

Dear John,

This memo concerns progress on the Super Juice project, where we are working to produce a new pomegranate drink. This document outlines the current status of the Super Juice project as of May 31st, 2012, including schedule, cost, and activity updates.

#### **How is the project progressing in terms of cost and schedule?**

In terms of schedule, the project has slipped one day from our last report of 7/26/12 to 7/27/12. Our initial baseline estimate completion was 7/19/2012.

In terms of cost, the project has an estimated cost at completion of \$1,704,974 which is lower than both the initial baseline projection of \$1,728,000 and our last report of \$1,984,508.

#### **What activities have gone well?**

1.3.1 Equipment Rehab finished 4 days early from our last report of 35 days to 31 days duration.

\*Note: This completed 1 day late from the baseline of 30 days.

1.3.2 Production Trials finished 1 day early from a 15 to 14 day duration.

1.3.3 Quality Trials finished 2 days early from a 20 to 18 day duration.

1.4.1 Market Testing finished 4 days early from 30 to 26 days.

1.4.2 Package Design finished 3 days early from 15 to 12 days.

1.5.1 Complete FDA Cert finished 1 day early from 15 to 14 days.

1.4.3 Select Distributors is currently projected to be completed in 22 days, 3 days earlier than the original 25 day period.

#### **What activities have not gone well?**

No significant delays reported this quarter.

**What does the PCIB (Percent Complete Index Budget) and PCIC (Percent Complete Index Actual Costs) indicate in terms of how much the project has been accomplished to date?**

PCIB:  $\$1,226,909 / \$1,728,000 = 71\%$

PCIC:  $\$1,210,560 / \$1,704,974 = 71\%$

The PCIB and PCIC are both 71%, suggesting that our spending and progress on the project are well-aligned. Because our EAC of \$1,704,974 is below the BAC of \$1,728,000, we are currently on track to complete the project under budget.

**What is the estimated cost at completion (EAC)? What is the predicted VAC (cost variance at completion)**

EAC: \$1,704,974.25

VAC: \$23,025.75

The EAC is \$1,704,974.25, meaning we now predict that the total project cost will be approximately \$1,704,974 by the time it finishes. This is lower than the original budget of \$1,728,000. The predicted VAC is \$23,025.75, indicating that we are expected to finish under budget by about \$23,026. This positive variance shows that, based on current performance, the project is being completed more cost-effectively than originally planned.

**Report and interpret the TCPI (To Complete Performance Index)**

TCPI:  $(\$1,728,000 - \$1,226,909) / (\$1,728,000 - \$1,210,560) = 0.97$

Each remaining dollar in the budget must earn \$0.97 in value for the project to stay within budget → This indicates that we are likely to complete the project under budget.

The TCPI is 0.97. This means we are on track to complete the project within the original budget of \$1,728,000. A TCPI of less than 1.0 suggests that the project has been spending less than expected.

**What is the estimated date of completion?**

The estimated date of completion is July 27, 2012, with the project now expected to take 146 total working days. This reflects a delay of 11 working days compared to the original plan, which had a completion date of July 12, 2012, and a duration of 135 working days.

**How well is the project doing in terms of its priorities**

Cost: We are currently under budget, which meets our top priority.

Project Super Juice

Part 5

Team 1 (Fantastic Four)

Bobryk-Ozaki, Cross, Gregory, Kong

Scope: All deliverables are being met, with some exceeded early.

Time: A minor delay of one day from our last report is acceptable. An overall project delay of 8 days from our initial baseline estimate is acceptable.