

## MID-TERM EXAM

BUSI 1037 – PROJECT MANAGEMENT Instructor – David Velikonja, MBA	DATE – October 14, 2021 TIME – 3:00 HRS – 12:00-3:00 p.m.
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### Case Study: New Cookery Kitchen Retail Store

You are a project manager for Cookery Kitchen, a chain of retail stores specializing in kitchen utensils, cookware, dishes, small appliances, and some gourmet foodstuffs such as bottle sauces and spices. You're fairly new to the position, having been hired to replace a project manager who recently retired.

Cookery Kitchen currently owns 49 stores in Canada and 24 states in the U.S. The world headquarters for Cookery Kitchen is in Toronto, Ontario. Counting full-time and part-time employees, the company employees 1,200 people, 190 of whom work at headquarters.

The company's mission statement reads: "Great kitchen gadgets for people interested in great food."

Recently, the Vice President of Marketing paid you a visit. Doug Hartt is a very nice, well-dressed man with the formal air you would expect a person in his capacity might have. He shakes your hand and gives you a broad, friendly smile.

We've decided to go forward with our 50<sup>th</sup> store opening! Sales are up, and our new line of ceramic cookware is a hot seller, no pun intended. I don't know if you're familiar with our store philosophy, so let me take a moment to explain it. We like to place our stores in neighbourhoods that are somewhat affluent. The plain fact is that most of our shoppers have incomes of more than \$150,000 a year. So, we make an effort to place our stores in areas where those folks usually shop.

"We're interested in targeting the non-gourmet customer, one who is interested in cooking but won't be making cheese soufflé. So, the stores are upbeat and convey a little bit of a laid-back feel, if you will.

"Our next store is going to be right here in our home area – Vaughan. We have a store in Aurora and one in Brampton, but none in Vaughan. Because this is going to be our 50<sup>th</sup> store, we plan on having a 50<sup>th</sup> grand-opening celebration, with the kind of surprises and activities you might expect for such a notable opening.

"Our stores generally occupy from 2,000 to 4,000 square feet of retail space, and we typically use local contractors for the build-out. A store build-out usually takes 120 days from the date the property has been procured until the doors open to the public. I can give you our last opening's project plan so you have a feel for what happens. Your job will be to procure the property, negotiate the lease, procure the shelving and associate store furnishings, get a contractor on the job, and prepare the 50th store festivities. My marketing folks will assist you with that last part.

"You have six months to complete the project. Any questions?"

You take a deep breath and collect your thoughts. Doug has just given you a lot of information with hardly a pause in between thoughts. A few initial ideas drift through your head while you're reaching for your notebook.

You work in a functional organization with a separate projectized department responsible for carrying out projects of this nature. You've been with the company long enough to know that Doug is high up there in the executive ranks and carries the authority and power to make things happen. Therefore, Doug is the perfect candidate for project sponsor.

You grab your notebook and start documenting some of the things Doug talked about, clarifying with him as you write:

- The project objective is to open a new store in Vaughan six months from today.
- The store should be located in an affluent area.
- The store will carry the full line of products from utensils to gourmet food items.
- The grand opening will be accompanied by lots of fanfare because this is the 50<sup>th</sup> store opening.

You have a question or two for Doug.

"Is there a special reason we have to open, let's see, six months from now, which is February 1?"

He responds, "Yes, we want the store open the first week in February. Early February is when the Garden and Home Show hits the Vaughan area. We'll have a trade show booth there. We know from experience in other areas that our stores generally see a surge in sales during this month as a result of the trade show. It's a great way to get a lot of advertising out there and let folks know where we're located."

"Another question, Doug. Is there a budget set for this project yet?"

"We haven't set a hard figure," Doug replies. "But again, from past experiences we know it takes anywhere from \$1.5 to \$2 million to open a new store. And we don't want to forget the big bash for the opening."

"Thanks, Doug. I'll get started writing the project charter right away. I'll be putting your name on the document since you're the project sponsor."

Doug concludes with, "Feel free to come to me with questions or concerns at any time."

*One week later...*

You review your notes and reread the project charter you've prepared for the Cookery Kitchen retail store one last time before looking for Doug. You finally run across Doug in a hallway near the Boardroom.

"Doug, I'm glad I caught you. I'd like to go over the project charter with you before the kickoff meeting tomorrow. Do you have a few minutes?"

"Sure." Doug says to you. "Let's have it."

#### **(YOU SHARE YOUR PROJECT CHARTER WITH DOUG)**

"Using your estimate of \$2 million as our initial budget request and based on the projected inflows you gave me last week, I've calculated the payback period of 16 months, with a rate of return of 22%."

“That’s impressive,” replies Doug. “That’s even better than our Brampton store. If I recall, the payback period there was just over two years. Let’s hope those numbers hold true”

“I think they’re reliable figures,” you say. “I researched our data based on recent store openings in similar-sized cities and factored in the economic conditions of the Vaughan area. Since they’re on a growth pattern, we think the timing is perfect.”

“Doug, as you know, the project kickoff is scheduled for tomorrow. What I’ll need then is for you to talk about the project and goals, talk about the commitment you’ll need from the management team to support this project, and introduce me as the project manager. I’ve already forwarded a copy of the project charter to the meeting attendees so that they can review it before the meeting.

“Sounds like you’ve covered everything,” Doug says. “I don’t anticipate any problems tomorrow, because everyone is looking forward to this store opening.”

### **QUESTIONS TO ANSWER**

- 1) What is the opportunity in the business?
- 2) Write out a detailed Project Charter for the store opening project based on the details included in the case.

You have 3 hours to complete this exam. Please **include your student number** on your exam submission to **dvelikonja@loyalistcollege.com**