

Unit 5 Assignment: Time Value of Money as ROI

As a newly hired Project Manager, you have been assigned to prepare a bid proposal for a project that your organization is interested in bidding on to possibly obtain a new contract. The assigned project is estimated to cost on the magnitude of \$20 million over the course of 5 years. Your organization intends to borrow the entire amount up front to meet customer requirements and pay the debt off over the 5-year life of the project at an interest rate of 10% compounded annually. Including the principal and interest, what is the total cost of your project at the end of the five year life cycle? How much do you need to bid or earn from the work in terms of dollars to pay back the loan and still make some profit and cover operating expenses? Show all work and calculations to include selected formulae. Based on your calculations what is the minimum estimate your organization should bid on your proposal and why is this so?

The Assignment should include a written narrative to explain your calculation and what it means, including commentary and analysis on how the organization should plan their activities and discuss covering costs and profit margins (use your project management skills and think like a Project Manager). If you are a project manager you need to be able to calculate what is the minimum estimate your organization should bid on your proposal to the customer to complete a project. Your explanation should demonstrate sound analysis and critical thinking.

In completing this Assignment, please recall that you should calculate the Future Value. I will need to see the future value calculation for the initial \$20M investment for each year up to five years. As a gentle reminder, the future value calculation is as follows: $FV = PV(1+i)^5$

To simplify this Assignment, think of a making annual payments on the 5 year loan --make it a simple and clear operation—earn enough to repay the loan, cover operating costs and make a profit.

The Assignment (should be similar in format as all of our GM591 assignments week 1-6) must be submitted as a Word document. You are free to use a spreadsheet for your personal calculations, but you must transfer the calculation detail to the paper (as an annex after your conclusion) and you must discuss all of the components of the Assignment in a Word document. Please do not submit your excel spreadsheet, only the word document.

Criteria for the Assignment

- How much do you need to bid or earn from the project in terms of dollars to pay back the loan (principal and interest)?
- How much do you need to add to the bid for profit and to cover operating expenses? Make sure you analyze the ROI and other relevant factors.
- You should conclude your discussion with the final recommended bid amount and why you arrived at your conclusion.
- Include references to validate key points, factual claims and counter arguments.

- Map organizational objectives, goals, and strategies to project management strategy.

Components

- APA information presented as a cover page (please see [sample Unit 3 Assignment](#))
- Table of contents
- Executive summary
- Body of the focus paper (use Headings to organize).
- Conclusion stated as your recommended solutions in terms of project management techniques and tools.
- Reference page, a minimum of 3 scholarly journal or textbook source references cited and credited according to APA format using a minimum of 6 intext citations
- The paper should be focused and to the point, containing between 600 and 800 words from the Executive Summary to the end of your Conclusion.

Directions for Submitting

To submit your Assignment, go to the **Dropbox** and select the **Unit 5: Assignment** and follow the instructions. Make sure that you save a copy of each of the papers you submit.

GM591 Unit 5 Assignment: Time Value of Money as ROI	Points Possible	Points Earned
Content (50 pts)		
Response successfully answers the assignment question(s); thoroughly uses the text and other literature. Includes a strong thesis statement, introduction and conclusion. The main points of the paper are developed clearly. All arguments are supported well (no errors in logic) using outside sources as assigned.	25	
Sources are primarily academic journals, with thoughtful use Web sources. References are applied substantively to the paper topic. Skillfully addresses counter-arguments and does not ignore data contradicting its claim. Refers to sources both in-text and in the reference page.	25	
Analysis (30 pts)		
Response exhibits strong higher-order critical thinking and analysis (e.g., evaluation). Paper shows original thought.	10	
Analysis includes proper classifications, explanations, comparisons, and inferences.	10	
Critical thinking includes appropriate judgments, conclusions, and assessment based on evaluation and synthesis of information.	10	
Writing (20 pts)		
Grammatical skills are strong with typically less than one error per page. Correct use of APA when assigned.	6	
Appropriate to the Assignment, fresh (interesting to read), accurate, (no far-fetched, unsupported comments), precise (say what you mean), and concise (not wordy).	8	
Project is in 12-point font. Narrative sections are double-spaced with a double space between. Project is free of serious errors; grammar, punctuation, and spelling help to clarify the meaning by following accepted conventions.	6	
Total	100	