

Fall 2017

Wine Tasting Room

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Title: Wine Tasting Room

Course Title: Project Management

Course Number: 545

Instructor: Richard Sperry, Ph.D., PMP

Term: Fall

Year: 2017

Author(s): Touraj Goudarznia, Kyle Kniffin, Ali Alkhafaji

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Report No.:

Type: Student Project

Note:

PURPOSE:

The Purpose of this project is to renovate an abandon building already located on the CPI winery property and turn it into a wine tasting room. The CPI winery, located right here in the Willamette valley has been bottling and selling wine to the general public for the past five years. They have built a loyal customer base all around the country but look to expand their footprint by opening a brand new tasting room. 52 days after the approval from the owner of the winery to move forward with the project CPI wines will be celebrating a news year's eve grand open party at the tasting room.

OBJECTIVES:

The main objective is to bring the project in on time, on budget and on scope. CPI has been selling wine successfully for years. They are looking for a new perspective the tasting room can bring to their business. Marketing the new tasting room is a key component of the project. A lot rides on the completion of the project on time, as current and future sales accounts will be in attendance at the party. CPI is looking to make a good impression on some of these new accounts while rebranding its self to current ones. Along with these risks associated with delays to the project there can also be some costly monetary values associated with delays. Having to reschedule the photographer can cost up to \$800 each time. Food has been purchased for the event. If the project runs into delays and that cannot be recouped each time the food needs to be rescheduled there is an additional \$700. Overhead expanses associated with the project can be costly. Each day over the allotted schedule will cost CPI an additional \$550. A penalty of \$1,500 will also be added to the budget for every day past 60 days.

Due to the risks and cost accompanying them, strict control limits (Appendix M) and milestones have been added to the baseline schedule (Appendix L) to worn the project team as soon as an issue may arise. Aside from the new customer base the winery is looking to outreach with to neighbors and other local tasting rooms in hopes to gain some collaboration amongst like-minded business. Working together can help sell their brands to a new customer base that might not know about their products. How we plan to

communicate with all stakeholders involved in the project can be seen in Appendix B. Its important teams are trained not just on wine pouring techniques but rather general regional knowledge, as CPI is looking to bring customers from all over the country.

OVERVIEW:

The winery project is a small size project designed to utilize an existing building after doing some rehabilitation work for it. Looking to have a positive cash flows return after a period of time to enable repaying all the debt obligations and to operate as a self-sustaining entity.

The project will follow a functional organizational structure as shown in appendix C. It also planned to be finished within sixty days of work as shown in appendix I and within a specified budget of \$67,150 determined as a base line which is explained in appendix L. The project proposal will list all the project details mentioned in the project management class like scope, budget, schedule, risk analysis, monitor and control methods, audit plans, termination plan beside using relevant project management tools. The project will have 8 deliverables and 28 different tasks which is clearly defined in appendix C.

SCHEDULES:

The “Wine Tasting Room” is supposed to be opened at New Year’s eve with a grand opening. The goal is to finish the project one-week prior grand opening which is December 24th. Based on the project baseline time and estimated PERT effort in appendix F, and G the project should start at October 1st to be finished on December 24th. It is important to know if the project will be done on time based on the information above. There are two activities that are very important for the whole project and are considered as project’s milestones.

One of these activities is “Posting the job” which is the first milestone. Since this task is a risky task and on our critical path, it is important to make sure if there are at least two eligible candidates after job posting. Plus this task is a predecessor for decoration

deliverable. There is one criterion for this milestone: the number of eligible candidates. If the Posting the job wasn't successful, the second round of job posting should be posted.

The second milestone is "Decoration of event room". It is important to control this task because this task is risky and will be on the critical path if delayed and the whole project baseline will be delayed. The criterion is to make sure all paint is dried completely. If the paint is not dry, three more days are needed for the paint to be dried. The critical milestones and expected completion date are :

- Posting the job, expected completion date 10/17/2018
- Decoration the event room, expected completion date 11/13/2018

Based on appendix F and H and after developing the probability chart it is been revealed that the probability of completing the project within 60 days is 59%. For having the accepted probability of 99% to complete the project, five days schedule reserve is needed. In another word, if the project starts on September 24th it is going to be finished on December 24th with 99.3% probability.

RESOURCES:

Total proposed project budget is \$75,270(baseline cost + crashing cost). This includes \$40,600 in labor cost. It is an accumulation of 1,160 labor hours at \$35 an hour. Other cost associated with the project total \$26,550. Lighting of the parking lot is the greatest of the expense costing \$5,000. Decorating of the tasting room and bathroom will also cost \$4,000 a piece. Lastly, we plan to spend roughly \$5,600 in advertising. We plan to crash several activities related to decorating and online advertising by hiring temporary employees. In addition, the crashing plan includes hiring outside contractor and an expert. The cost of the temporary employees, hiring an expert recruiter, and outside contractor is \$8,120. Additional, based on our decision to eliminate all risks, a risk reserve budget is not included.

We have decided to use the 50-50 rule which means give 50 percent of the credit of each activity was applied when it was assumed to start and the other 50% when the work is completed. The time phased budget, Appendix L can show this clearly. Appendix F, our PERT effort estimation including a 3-point effort estimation of each activity, represents the time expected on each activity. PM activities were not included in the PERT analysis because it is seen as an outside job. This is because we are a functional organization and the PM is an outside employee. All PM work is outside the scope of our team.

PERSONNEL:

The owner of the vineyard, John Tingley, has introduced Sara Brathwaite to be PM for the project and later after the project is finished to be part of marketing management team. Current staff do their functional tasks plus they help in project based on RACI chart. Sara's made the RACI chart based on current and future resources as below.

- Sam Schram and Jessica Whilton, Winemaker to do whole training deliverable.
- Dara Fromm, Finance and HR, to do whole Hiring staff deliverable.
- Meg Hale and Chris Escobar, Vineyard Staff, to help the parking lot deliverable around 50% of their time when the project needs it.
- Dave Brown, Tasting Room Manager, to help the parking lot deliverable, getting all permits, helping in Training deliverable
- Melissa Mack, marketing manager, to help in Decoration deliverable.
- Two employees to be hired, their main job is to do Decoration deliverable.

Sara is Accountable and Louis(GM) is Responsible for effectively communicating with all team members.

RISK MANAGEMENT PLANS:

The historical data isn't available and the project is relied on PM as an expert for risk assessment. Three risks are identified for this project. Risk number one is to have zero eligible candidate after the "Job Posting". If in the first attempt at job posting there was no qualified candidate for tasting room staff, the job posting should be repeated and the project will be delayed from the baseline time by 8 days. There is a 60% chance to have a successful job posting. Otherwise, it will cost \$17,900 in addition to project cost baseline. This task is in critical path and delay in this task will effect in delay on whole project schedule baseline.

The second identified risk is cold and humid weather with 2 days delay in project baseline. If the weather is too cold and humid, the paint in event room won't be dry on time. There is 30% chance to have a cold and humid weather which adds \$5600 to the project cost.

And finally, the last risk identified as the parking lot configuration .If the asphalt is not ready, Parking lot configuration will be extended by 10 days and project will be delayed by 3 days (20% chance) and \$7650 will be added to the project cost.

One option is to accept the risks and calculate risk reserves as contingency plan. Based on decision tree and EMV calculated in appendix E, by accepting all three risk \$9376.40 is needed as Risk Reserve for contingency plan. Moreover, based on decision tree four days as schedule reserve for contingency plan.

Another option is to eliminating the risks by using "Crashing". "Crashing" would be:
1. hiring some temporary employees to do Tasting Room and Event Room decoration and Online advertising, 2. paying extra to the outside contractor to make sure the asphalt will be poured on time, 3. Hiring an expert recruiter would assure the deliverible "Hiring staff" duration to be 17 days(project baseline).

The risk number one will be eliminated by paying \$1000 and hiring a recruiter. It is possible to cut all duration of K, L, and W activities by half by hiring 21-day employees and eliminating risk two(cold and humid weather). In addition, it is possible to pay \$2000 extra to the outside contractor to make sure the asphalt is going to be done on time and eliminating the risk number three(Parking lot configuration). The crashing cost is

calculated as \$8,120.00 and the baseline project time will be reduced from 60 to 48 and all of the risks above will be eliminated. Based on new calculation after crashing the project will be finished on day 52 with a probability of 100% based on appendix H.

Option number two, crashing, would be the best option based on information above because the cost of crashing is \$8120 and less than calculated risk reserve \$9376.40.

All of the calculation above is done with the following consideration:

➤ Rescheduling the photographer	\$800.00
➤ Rescheduling food for event	\$700.00
➤ Every day past 60 days penalty per day	\$1,500.00
➤ Overhead cost per day after day 60	\$550.00
➤ Saving per day if the project finishes before day 55	\$200.00

EVALUATION METHODS:

For control system of the project, the “Phase-Gated Processes” is being used. There would be a meeting at the end of day 12 And 24 (project after crashing) to evaluate the status of “Posting the job”and “Decoration of event room”tasks respectively. After evaluation and compare the result based on criteria(for milestone one the number of eligible candidates and for milstone number two the condition of paint) the decision will be communicated to the team.

Monitoring in the project would be daily because the project baseline is 47 days and the recommended cycle for projects less than three months is daily monitoring. The project will be monitored for scope, cost, and time with monitoring two key indices, CPI and SPI.

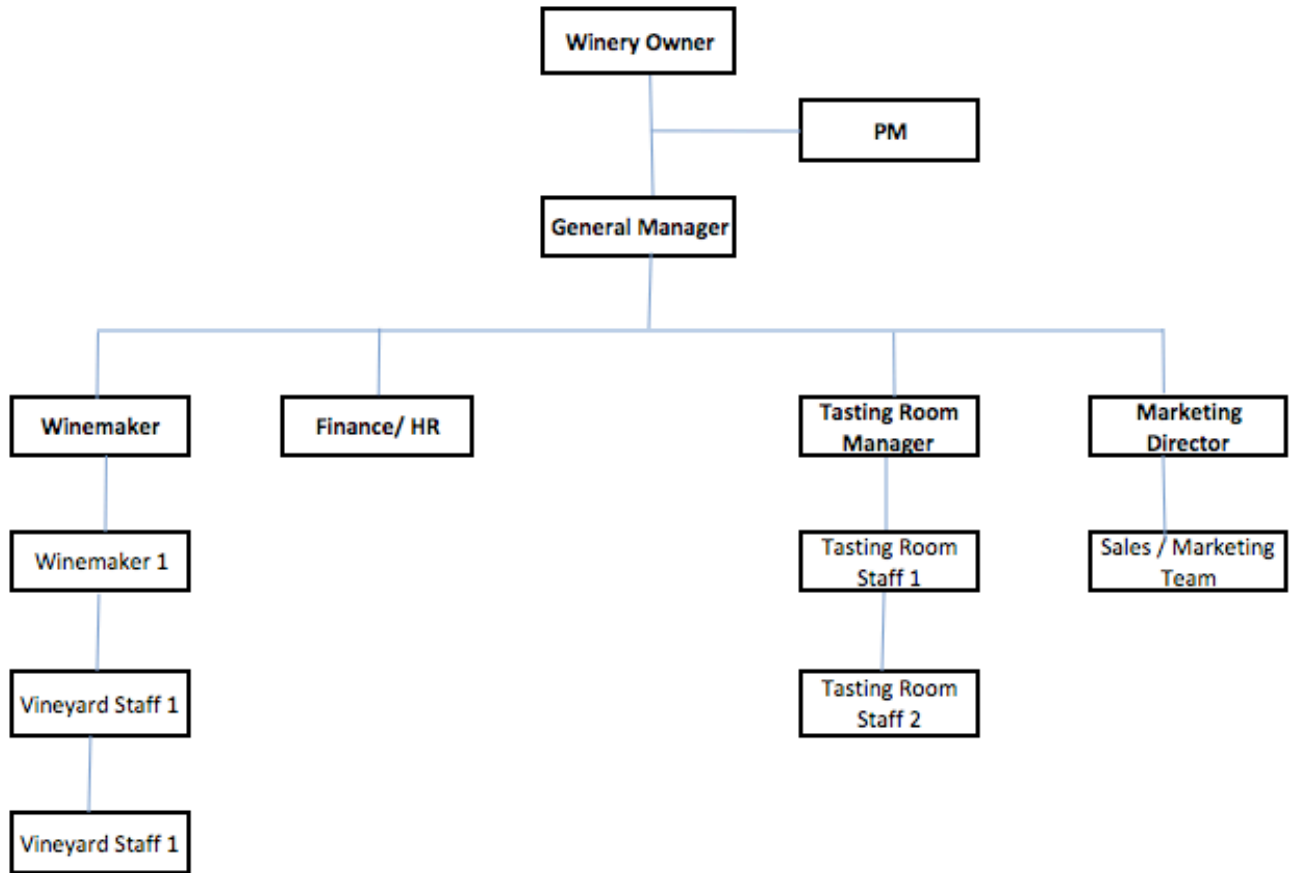
CPI is cost performance index and indicates if the project is on-track with cost. SPI is schedule performance index and shows if the project is on-time within the baseline time of the project. For this project, the tolerance 0.05 is considered which means the

values between 0.95 to 1.05 is acceptable and below 0.95 and beyond 1.05 will be investigated.

In this project, time is very important because the grand opening is on New Year's Eve and the project must be finished before New Year's Eve. SPI will be monitored closely and if there was any deviation from tolerance at the end of the day, an emergency meeting will be held to identify the issue and take the corrective action.

In addition, there is a status report meeting every 5 days and communication meeting everyday.

Appendix A:



Appendix B:

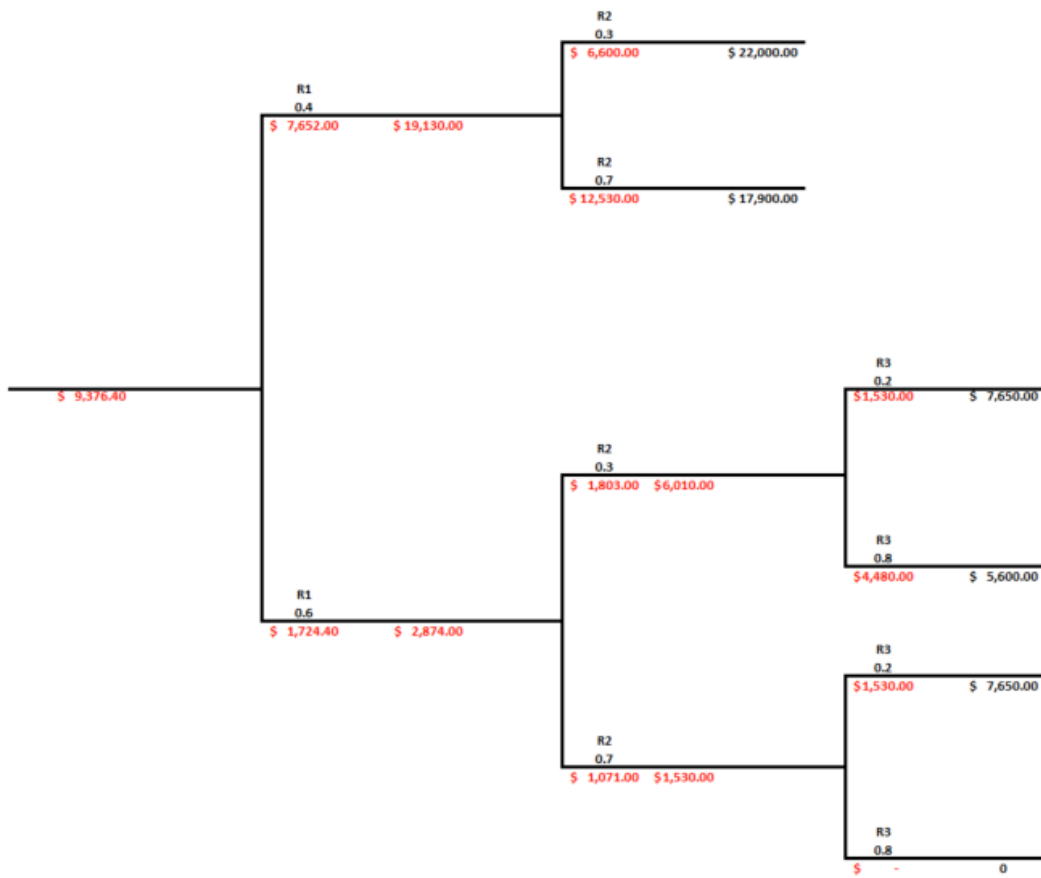
Stakeholder	Internal	External	Requirement and Training	Communication
Winery Owner	1		funding for Winery and tasting rooms	High level statistics
PM		1	preparing project documentation and planning	meeting and reports
Winemaker	1		communication and customer service training	customer feedback
Controller / HR	1		learning about liability of tasting room and providing financial documentation	financial reports
Vineyard Team	1		Training from winemaker about vineyard up keep	meetings amongst team
Tasting Room Manager	1		Team building	customer feedback and meeting with staff
Marketing Director	1		Learning about tasting room and geographical region for marketing	financial reports and benchmarking
Sales/ Marketing Team	1		know winery advertising avenues / Whole sale wine sales	Meeting new buyers
costumer		1	providing comfortable environment	website / logbook in wine tasting / advertising in local wine panphlets
Tasting room staff	1		wine pouring training / customer service training/ food handler cert.	weekly meeting / daily order / customer feedback
GM	1		Regulations regarding tasting room	financial, marketing reports
Government		1	providing all permits and licenses	Providing documentation
Neighbours		1	learning about their needs and expectations	in person and/or inviting to wine tasting and providing a gift
Other local wineries		1	learning how our tasting room will affect them / oportunites for colberation	Coversations w/ other tasting room teams.

Appendix C:



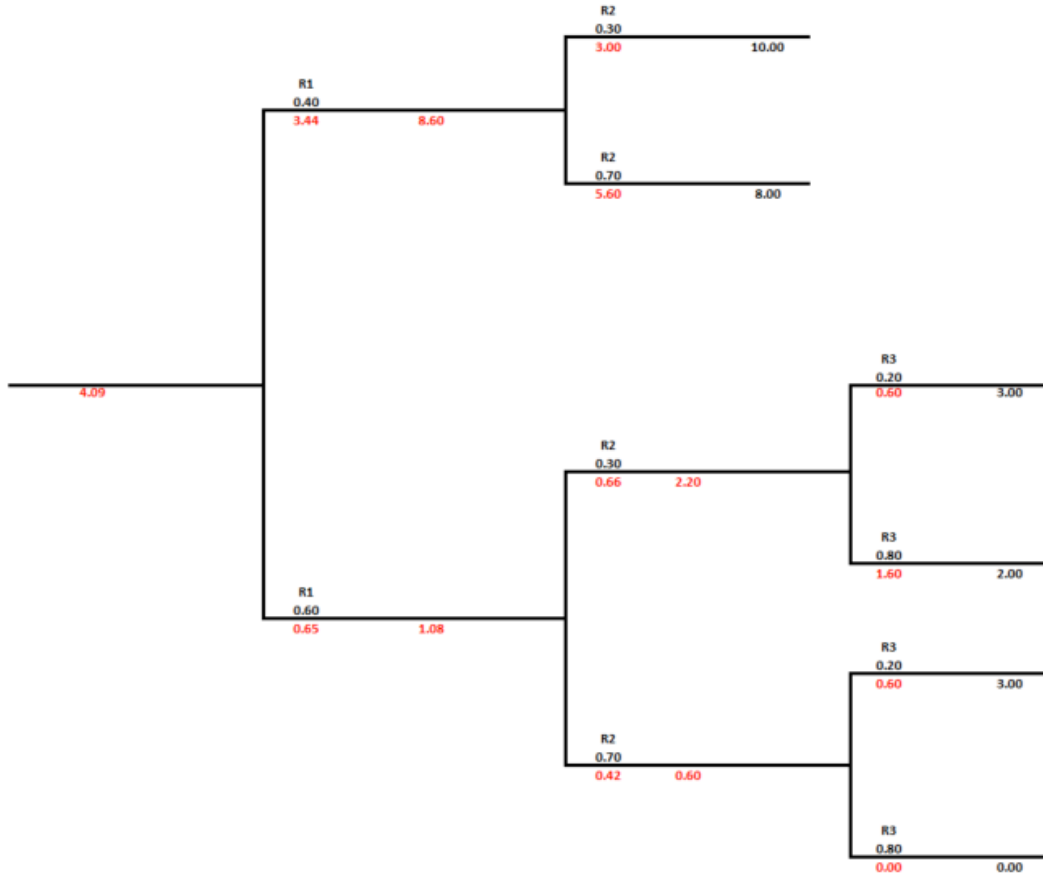
Appendix E: Budget risk reserve

Risk Reserve
\$ 9,376.40



Appendix E: Schedule risk reserve

Risk Reserve
4.09

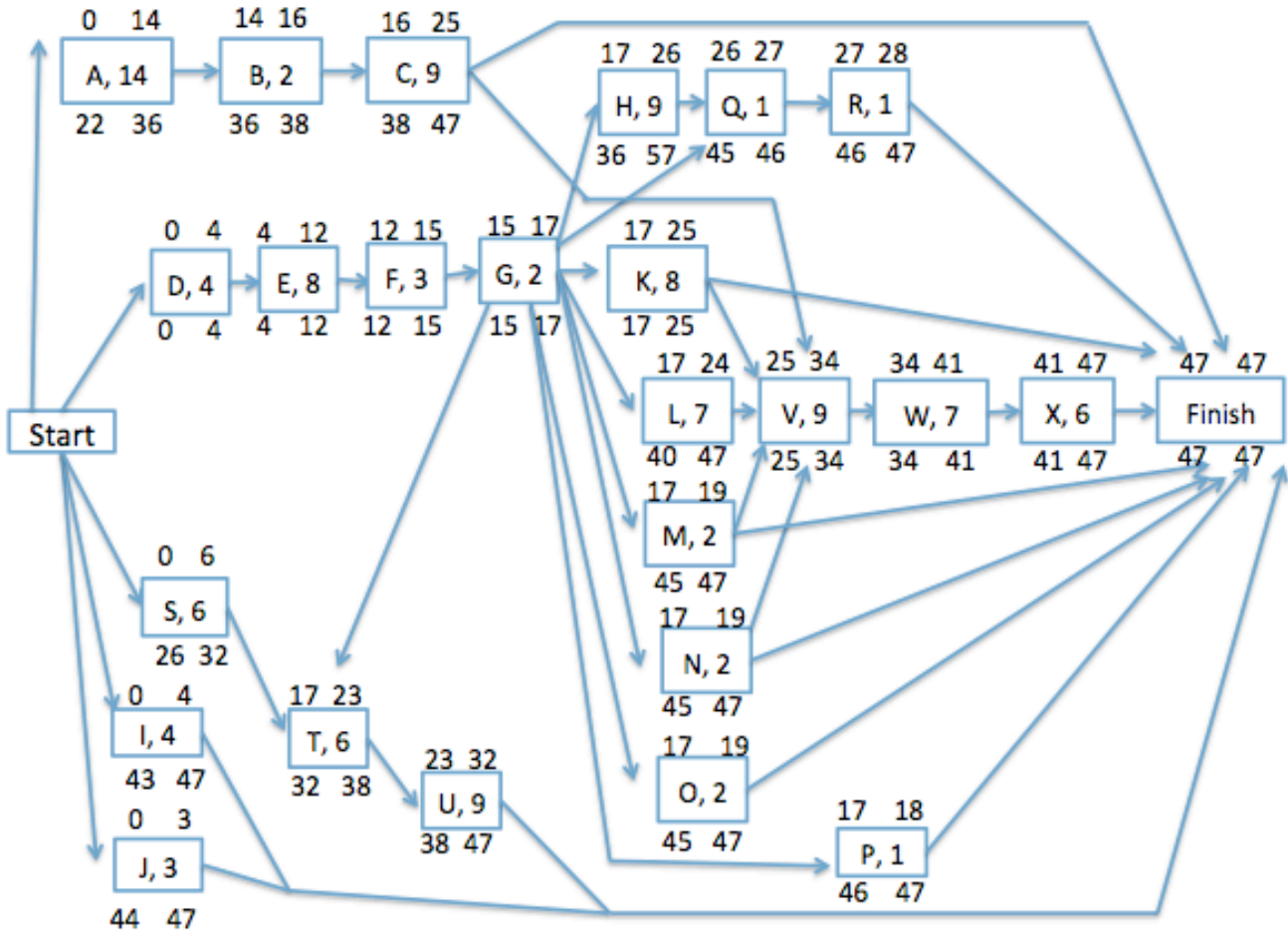


Appendix F: After Crashing

Deliverible	Task	Task ID	Predecessor	Time(Days)					Variance (σ2)	Cost
				Slack	Optimistic	Most likely	Pessimistic	TE (Expected Time)		
Parking Lot	Parking Lot configuration	A	Start	22	10	15	15	14	0.69	\$3,920
	Handicap parking	B	A	22	1	2	2	2	0.05	\$1,060
	Lights	C	B	22	5	8	10	9	0.80	\$7,520
Hiring Staff	Hiring Panel	D	Start	0	3	3	5	4	0.13	\$1,120
	Posting the job	E	D	0	3	5	10	8	1.62	\$2,440
	Interviewing	F	E	0	3	3	3	3	0.01	\$840
	Making a contract	G	F	0	1	1	3	2	0.06	\$860
Permits	Food Handling	H	G	15	5	8	10	9	0.80	\$2,670
	AVA	I	Start	43	3	3	5	4	0.13	\$1,270
	Alcohol Permit	J	Start	44	3	3	3	3	0.02	\$990
Decoration	Tasting room	K	G	0	8	10	18	8	3.14	\$8,200
	Event room	L	G	23	8	13	16	7	2.01	\$5,920
	Bathroom	M	G	28	1	2	2	2	0.04	\$4,560
	Wine Glasses	N	G	28	1	2	2	2	0.05	\$3,560
Food Preparation	Buying	O	G	28	1	2	2	2	0.05	\$1,560
	Storage	P	G	29	1	1	1	1	0.02	\$280
	Serving	Q	G, H	19	1	1	1	1	0.00	\$280
	Clean up	R	Q	19	1	1	1	1	0.01	\$780
Training	Finding trainer	S	Start	26	3	5	7	6	0.59	\$1,680
	scheduling the trainer	T	S,G	15	3	5	7	6	0.59	\$1,680
	Training Staff	U	T	15	5	8	10	9	0.80	\$2,520
Advertising	Photography	V	C,K,L,M,N	0	5	8	10	9	0.80	\$3,520
	Online advertising	W	V	0	10	10	15	7	0.56	\$7,640
	Tasting room flyers	X	W	0	4	6	7	6	0.17	\$2,280

Budget	\$67,150
Crash Budget	\$8,120
Total	\$75,270

Appendix G: After Crashing

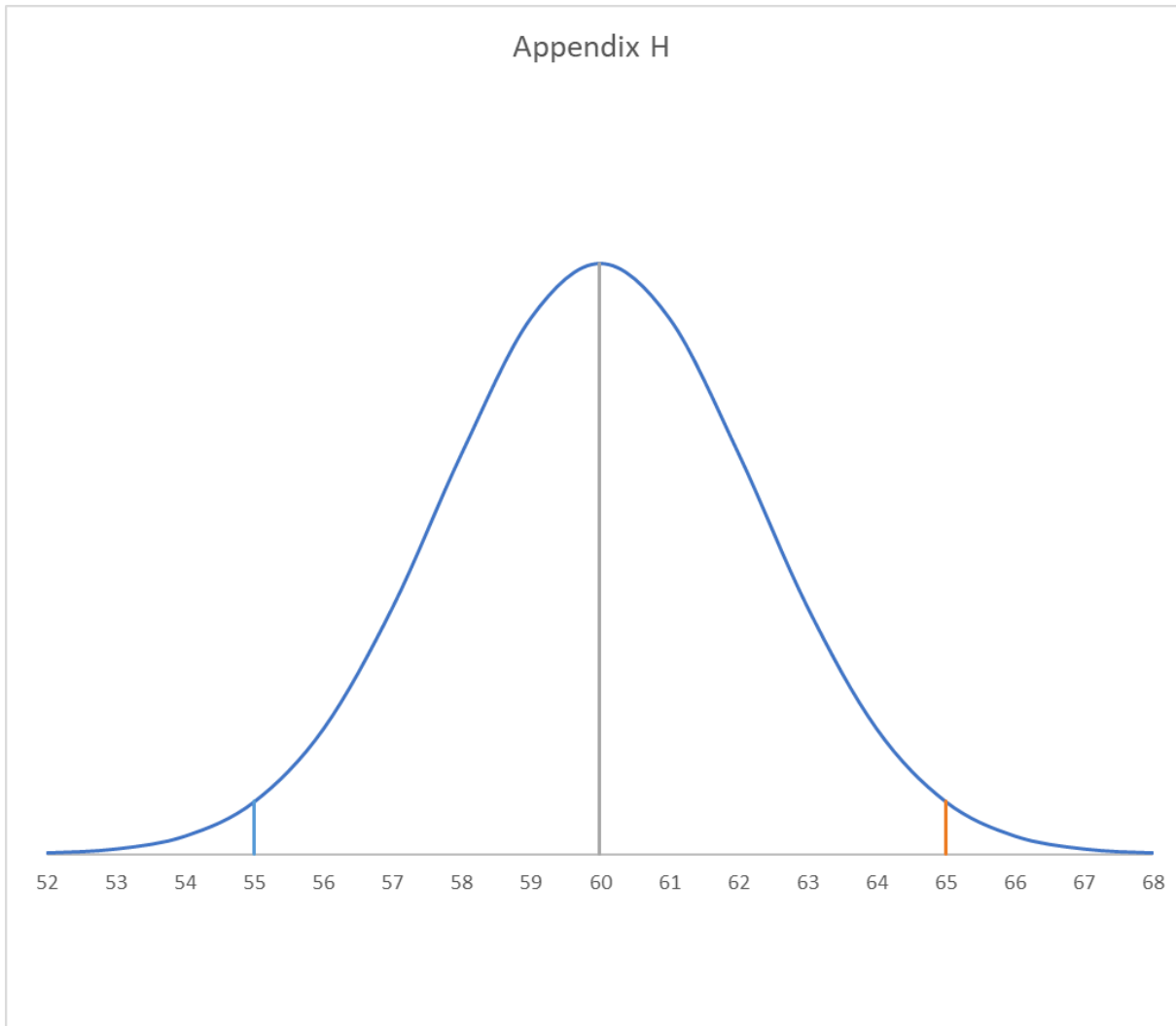


Appendix H :

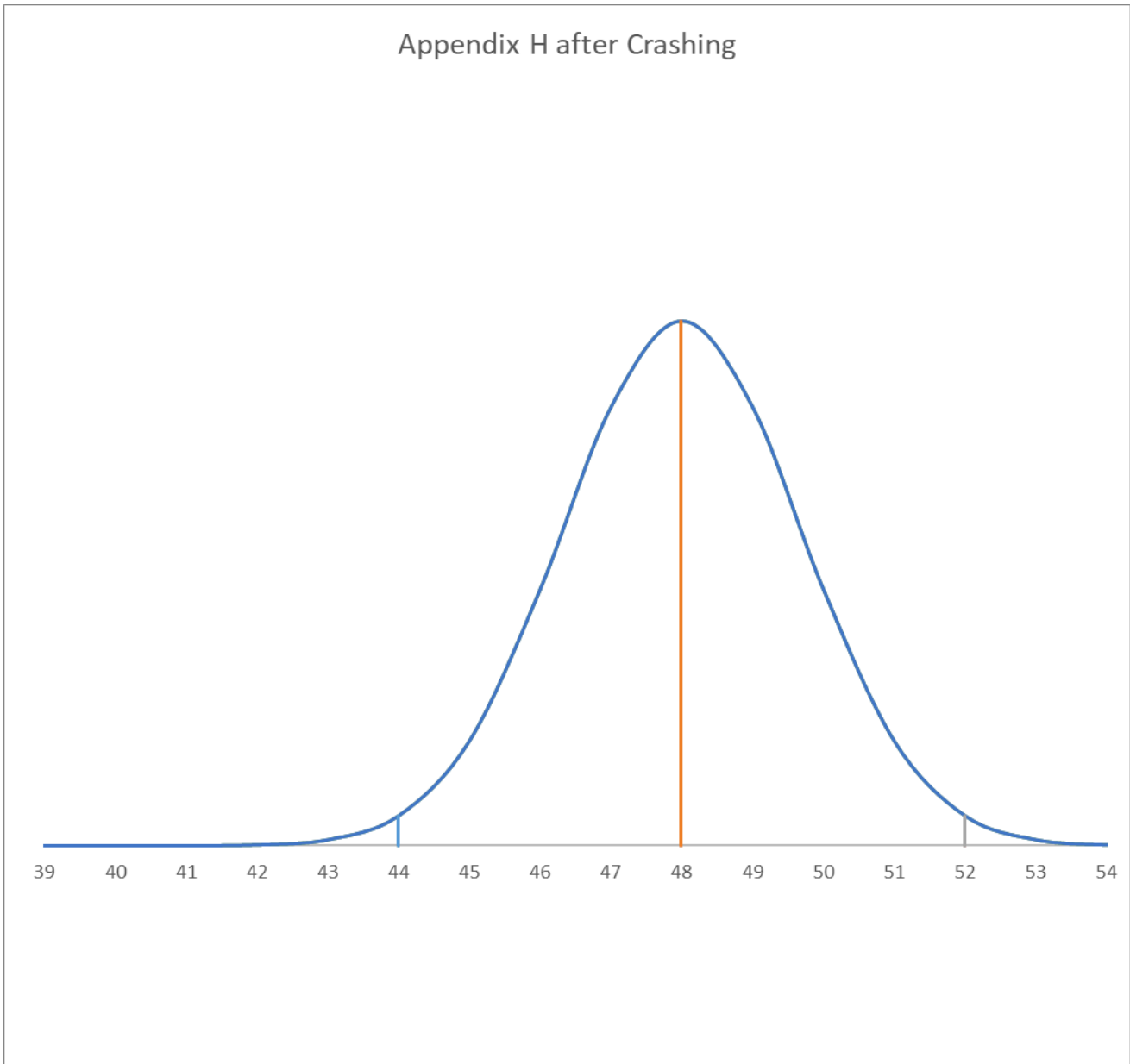
Day 55 : 3% probability

Dy 60 : 50% probability

Day 65 : 99% probability

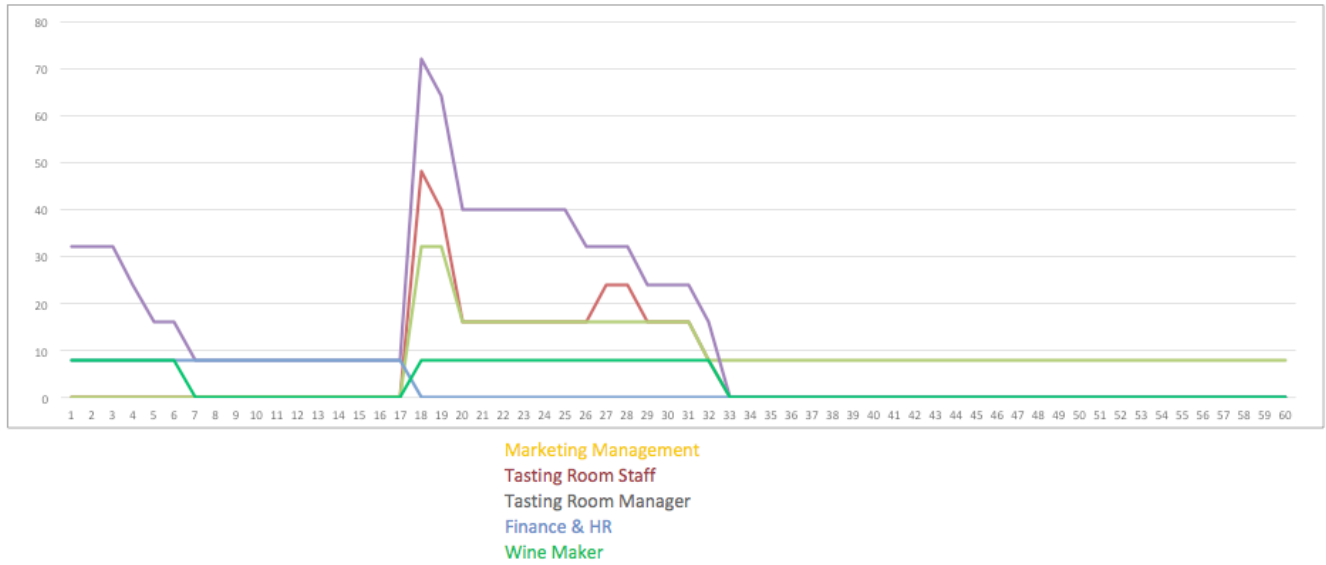


Appendix H: after Crashing



Day 44 : 2% probaility
Day 48 : 62% probability
Day 52 : 100% probability

Appendix K: Before Leveling



Appendix K: After Leveling



Appendix M:

Control/ Monitor Period	What to Control/Monitor	Criteria	Action	Note
Daily	SPI	0.95 - 1.05	Less than 0.95 needs to be adjusted immediately by asking for overtime. More than 1.05 needs to be investigated to see if the calculation is accurate. If happened more than three days hold a emergency meeting to find the issue.	
Daily	CPI	0.95-1.05	Less than 0.95 needs to be investigated if there was over spending, adjusted as needed. More than 1.05 needs to be investigated to see if the calculation is accurate. If happened more than three days hold a emergency meeting to find the issue.	
Day 12	Milestone one	Having more than two eligible candidate	Less than two eligible candidate re do the Job posting.	NA if use Crashing
Day 24	Milestone two	Paint completely dry	If paint was not dry, add 3 more days.	NA if use Crashing

Appendix N: Termination

Termination type is “extinction”: Project is completed and ready to have the customers

Steps to terminate the project:

- Finalize the steps to make sure the project quality is maintained.
- Invite a group of volunteers to visit the winery and offer them free drinks, food and have their feedback.
- Get feedback from the volunteers’ group and try to modify any last minute's changes.
- Advertise the opening date.
- Announce a date for opening the winery.
- Document lessons learned and throw a party to close the project officially.