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Course Package

“Financial planning and budgeting of projects”

Work Package	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
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Content

1. General information about the course	4
2. Learning outcomes of the course	4
3. Syllabus of the course.....	6
4. Teaching methodology of the course	8
5. Labour market relevance of the course	8
6. Assessment.....	9
7. References.....	10
8. Course assignments	10
8.1 Assignment 1	10
8.2 Assignment 2.....	8
Annex: Presentation slides.....	13

1. General information about the course

Explanation: Please fill in the table below.

Title of the course (as specified in the reformed curriculum)	Financial planning and budgeting of projects
Name of the teacher	Armine Schanyan
Novelty of the course (please select as appropriate)	This course is a newly developed course (new in the curriculum)
Year of the course in the curriculum	1 st year
Semester of the course in the curriculum	2 nd
Language of instruction of the course	Armenian
Number of ECTS credits	4

2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

LEARNING OUTCOMES

On successful completion of this course, students will be able to:

- to describe definitions of project
- to compare the projects and choose the better project
- to discuss the features and differences of the basic concepts related to the project
- to illustrate evolutionary development of project management
- to categorize key concepts of project management (PMBok standard)
- to identify the subordination of goals
- to design project budget (management and contingency reserves)
- to explain the peculiarities of construction project
- to interpret estimation methods of projects
- to calculate the longest path (CPM), cost-time analyses
- to calculate budgets of construction company
- to analyze cash flow budget and make financial decisions
- to describe cost management framework (inputs, tools and techniques, outputs)
- to create the elements of specific work breakdown structure
- to reproduce EVM
- to observe financial policy and conclude the types of financial planning

- to compare the feasibility of projects.

3. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

14 weeks	Content
Week 1,2	<p>Lecture - The Economic Significance and Importance of Projects</p> <p>Introduction</p> <p>The origin, content, definitions of the concept “project”;</p> <p>The historical and scientific bases of the projects and their management;</p> <p>The program and portfolio concepts and the project's distinct lines from this concepts;</p> <p>In nowadays the necessity of the project implementation, urgency and their improvement and enlargement issues;</p> <p>The contrast of traditional and agile projects;</p> <p>Peculiarities of budget distribution according to the organizational structure (project manager and functional manager).</p>
Week 1,2	<p>Seminar—interviews, discussions about theoretical clauses and core information of projects, practical exercises (test questions-NPV, IRR and etc.).</p>
Week 3,4	<p>Lecture - General Description of Project Management</p> <p>The historical development process and stages of project management;</p> <p>Forming the project management framework;</p> <p>The sequence of project lifecycles, project phases and processes (initiation, planning, execution, monitoring, control and project closure);</p> <p>The project planning components (resource planning, quality planning, risk management planning, etc.);</p> <p>The strategic planning and maintaining the subordination of goals.</p>
Week 3,4	<p>Seminar—interviews, discussions about theoretical clauses and key concepts of PM, practical exercises (to calculate project budget based on reserves).</p>
Week5-7	<p>Lecture - Construction Projects Management Mechanism</p> <p>Construction as a big system and the specific features of this system;</p> <p>The stages of the process of organizing construction projects;</p> <p>The scope of stakeholders and the mechanism of financing projects;</p>

	<p>The toolkit of sequencing of activities (PDM, PERT, CPM);</p> <p>Critical path method, resource and duration estimation;</p> <p>Budgeting process and cash flow estimation methodology in the construction company.</p>
Week5-7	<p>Seminar–interviews and discussions about theoretical clauses of construction project, budgeting process of construction company, practical exercises (Critical path, short-term planning and build up budgeting process).</p>
Week 8-10	<p>Lecture - Project Budgeting and Forecasting Tools</p> <p>Pre-project work (high-level information);</p> <p>Project cost management and Planning process group (plan cost management, estimate costs and determine budget);</p> <p>The connection between WBS, schedule and budget (3 baselines);</p> <p>Control costs as an essential part of the project cost management;</p> <p>Managing changes to the cost baseline (earned value and actual costs);</p> <p>Forecasting tools and scenarios for calculating the new budget;</p>
Week 8-10	<p>Seminar–interviews and discussions about project cost management and its components, practical exercises (breakdown budgeting, variance analysis).</p>
Week 11-12	<p>Lecture - Financial Planning and Business Plan Structure</p> <p>Financial planning and managerial issues;</p> <p>Financial planning as a key component of the financial policy;</p> <p>The principles and methodological bases of the financial planning process;</p> <p>Strategic and tactical financial planning;</p> <p>Selection of alternative scenarios;</p> <p>Business plan, its role in the current market relations;</p> <p>The essential components and key points of business plan.</p>
Week 11-12	<p>Seminar–interviews and discussions about financial planning process, practical exercises (calculation of investment evaluation indicators in projects).</p>
Week 13	<p>Assignment 1 - Group work - Case study</p>
Week 14	<p>Assignment 2 - Group work-presentation slides</p> <p>To compare two projects</p>

4. Teaching methodology of the course

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

The following pedagogical approaches are used:

- student-centered approach to learning (it can be applied during interviews and practice exercises)
- brainstorming, mind mapping, multi-criteria decision analyses (it can be used to formulate assignments)

The following methods and forms of study are used in the course:

- lectures (2 hours a week and/or)
- seminars (2 hours a week: interviews, practical exercises, discussions on performance of assignments)
- self-study and individual work (the students should develop the theoretical material according to the list of relevant literature and provide exercise solution on their own)
- current control and grading include: interviews, participation in classwork, individual and group work results and presentations
- final exam (exam ticket include two questions and practical exercise).

Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

Financial planning as an essential part of project management is important for the simple reason that in terms of efficiency, effectiveness and profitability, it has become widespread worldwide. Nowadays many companies have a project orientation and it is our world future. It is also embedded in the corporate governance culture of labour market in Armenia with small but fast growth rates. In some countries, with the tendency to expand the state-level government structures, project management becomes a necessary and mandatory requirement. Within the scope of researches the importance of project management (especially the significance of planning and budgeting) is emphasized in areas such as construction, IT, production, service, R&D, infrastructure, telecommunications, etc. Throughout the course, students will gain knowledge of the organization of financial planning processes, taking into account the specificities of different areas., such as phases (waterfall) approach applying in the construction companies, adaptive methods- IT sphere and etc. This will also contribute to the formation of flexible thinking with regard to the organization's ability to undertake the right projects, related to the capabilities to solve limited resources allocation and balancing issues. In work situations that require new approaches, students will be able to come up with proposes with regard in keeping of the principle on budget-on time. The course provides an opportunity to understand the contemporary current and fundamental concepts, theories, methods and toolkit, to master the project design practical skills and enter the

Armenian market as an individual or as a team member, up to being involved in the field of PMO as the best way to demonstrate organizational structure. Provision training in coherent with international developments, comprehensive and systematic knowledge for narrow professional work, knowledge of the latest achievements will help students develop their professional skills and meet the demand of a competitive labour market in the RA. This course covers part of market demand and its also covers part of PMP exam topics, which means that after completing the course students will have bases for PMP exam preparation and with practical skills to stay competitive in the market.

According to the WP1 analyses and findings, 2 of the most important skills and competencies for the labour market are the capacity for applying knowledge in practice and the ability to learn/capacity for analyses and synthesis. As for the finance specific skills and competencies, the following were mentioned by employers, as the most important: risk analysis and financial management; analysing data, business analytics. As mentioned in the learning outcomes, the students will be able to obtain and apply the skills and competencies required by the labour market after learning and passing this course.

5. Assessment and grading

Explanation: Please explain the form of assessment of the course – maximum ½ page

Assessment		
	Performance	Grade ratio
Class attendance, participation, brief interviews and discussions, practical exercises	40-100	20%
Case study (Ass. 1)	40-100	20%
Presentation slides (Ass. 2)	40-100	10%
Final exam	40-100	50%

Performance and grade			
Percentage	Criteria	Grading numbers	Grade
0-39%		D	Insufficient
40-70%	basic criteria met	C- C C+	Sufficient
71-85%	average performance with some errors	B- B B+	Good
86-95%	above average performance with minor errors	A- A	Very good
96-100%	outstanding performance	A+	Outstanding

6. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

Mandatory literature

1. PMBOK guide 6th edition// Project Management Institute, 2017, pp.592
2. Rudenko A. M., Kolobova E. I., Financial decision making methods// Prometey, M., 2018, pp. 294
3. Ribalova E. A., Project management// FDO, TUSUR, Tomsk, 2015, pp.190

Complementary literature

1. Mike Cohn, Agile estimating and planning, Practice guide// Project Management Institute, 2018, pp.190
2. Newton R., Project management from A to Z// Alpina Publisher, M., 2016, pp.180
3. Kemenov A. V., Cash flow management// UNITY-DANA, M., 2015, pp.167
4. www.biblioclub.ru, www.book.ru, www.znaniium.com, -electronic library system

7. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

7.1 Assignment 1

Group work- Case study

Development and financial management of the construction project

The global challenges, the socio-economic, social life events of each country make the planned projects more vulnerable. “Elite Group” CJSC is a distinct leader in Armenian real estate market with 15 completed and 1 ongoing projects. In the near future, the Company plans to implement medium price housing construction in Yerevan. It supposes the implementation of large scale works in the different parts of city. The quality of work is constrained by the project's budget, time and scope. For this reason, using the PMBoK standard makes it possible to secure the iron triangle by maintaining a qualitative component, as well as project closure to achieve success and positive change. Cost management can no longer be considered separately without the management of other components, especially in the case of a construction project. In this case, students will do their research and explorative works with the help of different tools and techniques that enables the efficient use of resources through the rationalization of time.

Assignment / task for the students:

While estimating the efficiency of the project it is necessary to consider external environment of the project. Strategic considerations include market demand, organization demand, socio-economic development demand, etc. In general, a comprehensive analysis of the financial viability of the project is impossible for all stakeholders, including state, community and publicity. First of all, the students must justify the feasibility of construction project. It means they should evaluate the new project, especially the formation of the project charter which formally authorizes the existence of a project. **To organize the provision of appropriate offers (research target - possible real competitive price) to different segments of the population is the key issue of this case study.**

The pre-project work includes interrelationship between needs assessment and critical business project documents formation. This group work suggests these next steps but is not limited to.

1. To study housing construction programs offered by the private and state sector in the RA, if needed, taking also into account these programs in the level of regional and other countries.
2. To discover the gap between market price and demand through proper calculation using real estate valuation methodology and to conduct interviews, if needed.
3. To determine the possible real competitive price for project by combining the price received from above mentioned research result with the competitive price offered by the Company.

8.2 Assignment 2

Group work-presentation slides

To compare 2 projects-weak and strong sides

For continuous assessment all the students will participated in the study. They will form groups (4-5 students). Each group will choose how to develop their work content. This group work will help the students to gain competency of work in a team, to make quick decisions, to improve creativity level and concentration on details. During this assignment the students will select comparable projects and perform comprehensive analysis. Identifying the strengths and weaknesses of these projects, students will design presentation slides where the universal analysis (including financial aspect) will be complemented by some proposals. It is assumed that they can do this work through SWOT analysis, as well as applying toolkit based on other methods.

Annex: Presentation slides

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))

The slides are attached.