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**Project Charter**

**Week2**

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**Business Case:**

**(Cooperative Milk Collecting Center)**

**Executive Summary**

Several options were considered that will help address the objectives of the project, which are the inadequate access to the market by the dairy farmers, the milk spoilage problem, which has a direct impact on the quality of the milk. The project will sell the milk on behalf of the farmers either directly to the consumers around, but there is a percentage that will be sold through the cooperation will be determined later. Furthermore, the project intends to provide storage facilities that will ensure that milk is stored properly before it is delivered or sold.

**Proponent Details**

1. Several employees- the project will require or employ 15 employees who will be involved either directly or indirectly in the activities of the project.
2. Major shareholders- the project will have five principal shareholders who will directly discharge their duties to manage the project.

**Benefits of the Project**

The project will be committed to the local community by employing a local workforce and providing quality milk:

The project will have several benefits once it starts operations; they include:

Creation of job opportunities- 15 local people will be employed to work in the project. Moreover, the project also will achieve the provision of secure market access for the farmers' dairy products- the project intents to collect milk from the farmers then sell the liquid on their behalf. Finally, Profit and revenue for shareholders- shareholders will be able to get profit, once the milk is sold, an automatic service charge will be deducted from the farmers’ total amount (Melton, Yates, & Iles-Smith, 2011).

**Time Frame**

The earlier analysis indicates that the project will take approximately one and a half years to be implemented; this is exactly 24 months.

1. Preparing the Project Design and contractual documents of the project with the farmers and get all the governmental approvals related to milk collections and distribution. Also, make all agreements with the selling points for milk to the customers. –approximate inquired time around four months.
2. Site mobilization and preparation for starting to implement the project works, Approximate **3**months minimum.
3. Project Works Execution and Handing Over Approximate **10**months.
4. Bring equipment and all the inquired refrigerators and fixed them in preparation for the operation; this needs about three months.
5. Commencement of operations of equipment, milk collection, refilling, and distribution system for sales outlets. - The approximate timeframe inquired for two months.
6. Completion of operations and Management staff Training and starting up full capacity production – Approximate timeframe two months.

**Cost of the Project**

|  |  |  |
| --- | --- | --- |
| **the facility** | **cost** | **total cost** |
| Land Purchasing |  | 100,000 |
| Design and Documentation |  | 15,000 |
| Construction work |  | 160,000 |
| 20 Mechanical Refrigeration or Cooling Tanks | $1500/unit | $30,000 |
| Packing System for milk in containers  suitable for distribution. |  | 15,000 |
| 15 employee’s payrolls | salary per year | $75,000 |
| Other Expenses (water, Electricity, telecommunication services& Sterilize and cleaning) |  | $35,000 |

1. The total estimated cost of investment- the project is likely to cost an estimated as per the following:

In summary, the overall Budget of the Project is expected to be $430,000.

(b) Purpose of investment funds- the main agenda is to help farmers to get quick access to the market as well as earn profit that will sustain the project.

**Servicing Requirements**

Several servicing requirements by the project will include power supply, which will be provided by the Electricity company, the water service board will provide water, other services may consist of telecommunication services, among others.

**Expected Return on investment**

The project does not assume any return in the first two years, and this is because the first one and half a year, the project will not have started its operation, and then the six months after will enable the project to stabilize. The project, however, expects 650,000 return on investment in year three and an increase in the subsequent years.

**Risk**

As for now, the project appears to be straight forward. However, several risks may face the project later as it progresses,

Several changes that may meet the project are:

1. Market demand- a likely fall of Market demand
2. Land- may be scanty and not enough for the expansion of the project
3. supplies- low supplies due to change in seasons and climate change
4. Operations- may be marred with a lack of adequate funds (John & Oliver, 2015).

**Environmental Impacts**

The impact of the project on the environment will be positive, and this is because cleanliness is the first element that will be observed by the project. The purity of both the global climate as well as the work environment. However, in the case of the plastics container that may be thrown around by the users after use, the project intends to address this by regular involvement in the cleaning process.

**Project Charter**

**Project Name:**

**Cooperative Milk Collecting Center (CMCC)- Product Name: Golden Milk**

**Project Description:**

The project is a profit-making organization which will be headed by the CEO who will be hired from outside to avoid conflict of interest, and every section will be directed by managers to be in charge of other employees. Managers will be one of the dairy farmers because they are the ones that understand the challenges, but they must possess management skills. In charge of the projects with a flat organizational structure where machine operators and other staff will be answerable directly to the manager. There will also be the board of directors who will be monitoring the management team to ensure that the interest of the shareholders is cared for. The project is targeting thousands of dairy farmers so that it may collect enough milk for value addition and processing.

The project aims to build milk processing machines that will process the milk collected from different farmers to add value and packages it before selling it to retail shops and supermarket. Through processing, which adds value, the shelf life and prices of milk increases, and this help in profit maximization. The project will be particularly helpful and significant to the smallholder dairy producers because it will be collecting milk from the before processing. Payments that dairy farmers will be getting will help them increase their income.

Furthermore, the project will facilitate several methods that will assist in the improvement of milk safety, especially in the small-scale dairying; this is because most of the farmers depend on their dairy products they get from their dairy animals to sell and at least earn a living from this activity. This project, therefore, will enable farmers to eradicate milk spoilage, which is estimated at the rate of 30% of the whole milk produced(Ortuzar et al. 2018)and will further improve the quality of the liquid. The project is specifically aimed at solving Milk Spoilage Problem which we have observed happening for quite some years now. The project targets to reduce milk spoilage to about 10%, and it will be overcome through However, offering storage facilities for the Milk brought by the farmers and add value through processing, which increases the shelf life. The project will facilitate transportation of the milk to the market on behalf of the farmer's under product name: Golden Milk.

**Objectives**

The project aims to help farmers get a quick market for their dairy products since they will be supplying their milk to the collection center and taken their money immediately without facing any difficulty with how they can sale it and distributed it in the market. Where the liquid will be packed and sold by the **(CMCC)** to the market under product Name Golden Milk. Market access will be measured in terms of the quantity of milk sold by dairy farmers in liters. Secondly, the project also aims at eradicating milk spoilage as storage facilities that will effectively store milk will be offered. Milk spoilage will be measured in percentage form where milk that is contaminated by bacteria is divided by the whole quantity of milk produced multiplied by 100 to get the rate of spoiled milk. Finally, the project intends to ensure the quality of the milk as several quality tests will be going on to ascertain the various milk components also check for bacteria, pathogens among other vital factors that may result in milk danger. Milk quality will be measured as a dummy variable stating whether the mill is contaminated with bacteria or not.

Moreover, quality testing of the milk will be done at the collection center before the milk in stores and sold to the consumers. Quality testing will mainly focus on determining the microbial quality, water contamination, as well as the presence of mastitis in the herd. Quality testing will provide a platform where the farmers will be given individual advice regarding how they should take care of their dairy animals to ensure high and quality yields. All shareholders in the project will be getting dividends after every financial year. Bonus will be calculated based on the profit made after each fiscal year.

**Project Outcome**

The project will offer several services, the first service the project intends to provide is the milk storage services in there storage areas constructed specially for this purpose, and equipped with all cooling devices according to the appropriate cooling temperatures to save milk for long periods for more than 4 weeks, until they are packaged in bottles intended for this purpose for distribution in the local market and exported to the rest of the United States. That will ensure milk does not go wrong. According to the research we carried out, many farmers do not have milk storage facilities, and since milk is not durable, as it only stays for hours and then goes terrible, so many farmers incur lose when the milk goes wrong as they do not have storage facilities. The project intends to provide fridges that will assist in the storage and other milk storage facilities. The storage facility is expected to store approximately 50, 000 liters. It will be using cooling technology to maintain milk temperature low. Deep freezers will also be used as additional cooling equipment within the storage building.

Secondly, the project also will focus on collecting the milk from the farmers and pays them. Many farmers are not able to get access to a quick market, and this is the main reason why the milk spoilage rate is high, approximately 30%. Since we have a direct link with the National Milk Corporation, we intend to collect milk from the farmers and sell to the National Milk Corporation immediately we get from the farmers, this will ensure a quick market, and also the liquid won't stay for long before getting to the market. At the same time, there are many ideas to have our retail shops to sell our product named the Golden Milk directly to the customers.

**Requirements**

There are several stakeholders' requirements for this project; the stakeholders' demands for the project are:

Stakeholders need to support the project financially to enhance its implementation. Some of the facilities that are required to keep milk safe and in good quality are expensive. Therefore, stakeholders must come in handy and help raise funds to acquire those machines. Besides, they also need to assist in creating awareness among the farmers. Farmers need to be informed about these facilities that will be brought soon and how they will help them.

Secondly, the Operations requirement- this stakeholder's need takes into consideration the maintenance of the features of the project. Furthermore. In this regard, the operational team further fosters constraints, for instance, the ability activities in the project.

The third stakeholder requirement is the customer's stakeholder's requirement; this requirement – users, usually give information regarding the product and services offered or provided by the project. Lead users generally help in contributing to the user stories as well as ideas regarding the product and services quality as well as usability. It enables the project to understand which area has to be improved (Eskerod & Jepsen, 2013). Besides, they required the skill to help in the process of the milk product so that wastages are minimized at all costs. Also, they need the marketing skill that allows the firm to sell its products to the final consumers.

The solution requirements include the ability to make farmers earn the highest possible income and profit by selling the milk directly to (CMCC) and at the same time taken a 25 % percentage from their share as a member in CMCC to refer to the milk quantities supplied to the Milk Collecting Center. This is a result of reduced spoilage. The other requirement is about enhanced consumer safety. Achievement of protection will be realized as a result of the use of facilities that prevent the milk from going bad quickly.

These project solution requirements include the equipment that will be used to minimize milk spoilage while they are on transit or storage to the final selling point. The other element is the material used for packaging purposes to the quantities that will be offered to the final consumer.

The project needs to uplift society and create employment. Around the number of 15 employees will be hired to work in the milk processing plant and thus creating jobs. Farmers will also get the market for their milk and therefore make money, which will raise their standards of living. On the other hand, the project is required to lead to the development of the neighboring areas. Other businesses are expected to come up in the area where the cooperative will be built.

Quality requirements refer to specifications of the quality of the products as well as services that are offered by the project, it takes into consideration all the processes that take place in the project as well as the entire environment surrounding the project, including ensuring that the products meet the required standards and keeping the high standards of hygiene and cleanness. They are typically activities that may result in the quality improvement of the product as well as services. The quality requirements for this project include customer experience- customer experience refers to activities that may be able to contribute towards the pleasing of the product as well as services.

Furthermore, maintainability requirements ensure that everything works well, and things are easy to maintain (Pries & Quigley, 2012).

**Project Success Criteria:**

Project success can be measured by the timeliness of the project, such as meeting deadlines, budget utilization such as staying within budget, and meeting requirements of the project. The project was managed, organized, structured to meet the goals and objectives of the plan is project success. If the stakeholders and sponsors supported all decisions, this is project success.

The real test of project success is the grand opening of the CMCC on time with all team members there to support the vision and mission of the project.

The several tangible measures of the success of this project will be the completion of the projection within the specified time of the two years. Every activity scheduled to be done within this period has to be completed within this period. In general, key factors that will determine the success of the project include adherence to the Project Scope, Schedule as well as customer satisfaction, among other tangible outcomes (Vida, 2012).

Various measures will indicate the success of the project. These include an increase in the price of milk from farmers. The cooperative will buy milk from the farmers at a reasonable price. A survey will then be done to assess their satisfaction. The other indicator is the reduction in loses of milk. This will be shown by an increase in the amount of fluid supplied to the cooperative. In addition to the equipment available in CMC Center through which the milk is stored for long periods in a considerable quantity, furthermore, to the milk filling system and the quick transportation of the sale outlets for the arrival of packaged milk to the consumer fresh daily as we are getting other products extracted from milk such as cheese, cream, and butter. The success criteria in this project include the achievement of the high quality of the products when selling them to the final consumers, obtaining the target sales in the target market, and obtaining or achieving the producers' satisfaction.

The other indicator of the project’s success will be through a survey. Customers will be asked their opinion regarding the performance of the cooperative. This will inform whether they are satisfied with the operations being carried out. A survey will also be done to determine the businesses that have come up since the construction of the cooperative. This will be an indicator of growth as a result of the project’s success.

**Project Assumptions and Constraints:**

Assumptions of the project refer to events that are expected to take place during the life cycle of a project. Some of the premises for this project are:

* Milk is the only product that will be handled by the project.
* Customers will be the local community around, and some percentage of the milk will be supplied to the National Creamery Corporation.
* The top management of the project will manage the project and be responsible for ongoing operations.
* Milk Supplier deliveries will be arranged to ensure on-time deliveries

**Several constraints for this project include:**

Resources- these include the various tools, equipment, as well as material which have to be used during the project. Resources also take into consideration the employees and experts who will work on the project. Some of these resources for this project will cover the refrigerators, cooling machines for cooling milk, cleaning tools, among other devices. Other constraints for the project are the Risk; proper preparations should be put in place to manage any risk that is likely to arise. Several Risks may occur during this project, and such Risks include delays that may lead to spoilage of the milk or any malfunctions that may lead to the interruption of the cooling and packaging system and how to make plans to repair those malfunctions as quickly as possible and develop alternative solutions to avoid damage occurs to the milk. Milk is perishable, and delays may result in spoilage hence losses. Risk is arguably the critical project constraint.

Furthermore, Quality is another constraint for this project, since this project requires strict quality of the milk, that the cost of the project has to be high, in this regard. Therefore, quality constraints usually affect the cost project constraint directly. The provision of quality milk is thus aligned with the cost constraints of the project (Haugan, 2016).

**Project Milestone Timeline chart**

* Provide investors with the necessary funding and responsibilities for each of them.
* Preparing the project Design and contractual documents
* Site mobilization before starting work execution.
* Work execution
* Project Handing over
* Bring equipment and start the installation for refrigerators
* Commencement of operations for the computer and start-up all systems.
* Completion of the operation phase and operation team training.

|  |  |
| --- | --- |
| **Date** | **Activity** |
| **3rd October 2019** | Kick-off meeting – with an investor to discuss the budget and funds for the project. |
| **10th October 2019 – 5 thFebruary 2020.** | Preparing Design & Contractual document |
| **10thFebruary 2020 - 9th May 2020** | Site Mobilization |
| **10thMay 2020 – 9th March 2021** | Construction Work execution |
| **10th March 2021 – 5th of May 2021** | Bring equipment and start installations |
| **6th May 2021- 7th July 2021** | Commencing operations for project work& operation team training |
| **8thJuly 2021** | Project Completion |

Kick-off meeting would take place on 3rd October, the main objective of the meeting will be to discuss all requirements of the project, every consideration will be outlined during the meeting including the sources of the finances as well as other resources. Secondly, preparing a design and Contractual document milestone is vital as essential information regarding the geographical nature of the location where the project will be set up will be identified. Furthermore, demographic information will be gathered, and this information is critical for the prosperity of the project. Thirdly, working out the plan include all activities that will be carried out from the initial stages of the project until completion; these activities may consist of several constructions. Lastly, project run-up involves the last phase of the project, and this event will include ensuring that everything is ok before the project starts providing the required services. By Commencement of operations of equipment, milk collection, refilling, and distribution system for sales outlets. Completion of activities and Management staff Training and starting up full capacity production.

**Stakeholder Register**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Organization** | **Title** | **Role** | **Internal/External** |
| Gorge Stuard | Cooperative Milk Collecting Center (CMCC) | Head of Investors  Committee | Responsible for collecting funding for the project. | Internal |
| Jone Gowland | General Farmer Association | Manager for producer Division | Responsible for Supplying the milk to (CMCC) | External |
| Sam Smith | Texas State Government | Head of Permits for Industrial Establishment | Approved Licenses for project | External |
| Michel Saad | Cooperative Milk Collecting Center (CMCC) | Project Manager | Leads work Execution of the project. | Internal |
| Adam Abbas | General Farmer Association | Technical support Engineer | Approved all process from collecting the milk and storage it in the refrigerators up to fill it in bottles to be ready for distribution | External |
| Murad Nabiel | Cooperative Milk Collecting Center (CMCC) | Procurement Manager | Responsible for supply all equipment and prepare the system for a start-up commissioning | Internal |
| Sarah Fouad | Cooperative Milk Collecting Center (CMCC) | Human Resources | Hiring employees and selecting qualified staff and withholding training courses | Internal |

**Project Approval Procedure**

|  |  |  |
| --- | --- | --- |
| **Date** | **Activity** | **Approval** |
| **3rd October 2019** | Kick-off meeting – with the investor to discuss the budget and funds for the project. | Gorge Stuard |
| **10th October 2019 – 5 thFebruary 2020.** | Preparing Design & Contractual document | Sam Smith |
| **10thFebruary 2020 - 9th May 2020** | Site Mobilization | Michel Saad |
| **10thMay 2020 – 9th March 2021** | Construction Work execution | Michel Saad |
| **10th March 2021 – 5th of May 2021** | Bring equipment and start installations | Murad Nabiel |
| **6th May 2021- 7th July 2021** | Commencing operations for project work& operation team training | Jone Gawland / Sara Fouad |
| **8th July 2021** | Project Completion | Michel Saad/ Jone Gowland |

The project concept supported by investor committee after they like the ideas that aimed at helping the Dairy farmers to get easy access to the market and at the same time this investment allows farmers benefit from proceeds of pensioner support fund, the project concept approved by Mr. Gorge Stuard the Head of Investors Committee. After that, the project manager Mr. Michel Saaad begins to prepare the design drawing, including all, inquired detailed, to execute the work with full documentation with complete specification related to the construction phase associated with other tasks like Electrical, Mechanical and Plumbing works. All these documents will be attached with the master plan for the project location and to be submitted to the Permits for Industrial Establishment related to the Texas State Government to get approval on it before proceeding in to project implementation works, this will be approved and signed by Mr. Sam Smith. Once we got the necessary funds for the project and approval from Government Authorities, the stage of preparing the site started with taking all security safety measures to maintain the project staff equipping all the tools needed by the project and developing the temporary site offices this stage followed up and approved by the project manager Mr. Michel said. Upon completion of this stage, the project execution works will be started following the time table set for this purpose and compatibility with the investment strategy approved by Mr. Gorge Stuard, the Head of Investor's committee. During the implementation of the project Mr. Murad Nabil, Procurement manager ordered all the cooling systems allocated to milk according to the design and specifications approved previously, the arrival of the cooling system will be on the specified time to begin installation in cooperation with Mr. Adam Abass, the Technical Support Engineer of the General Farmer Association. After that the next stage to start the initial operation process of these systems to make sure that they usually work and their ability to absorb the necessary quantities of milk for storage and subsequent packaging and distribution in market and points of sale, this is under supervision of Mr. Jone Gawland ,Producer Division Manager of General Farmer Association in cooperation with Ms. Sarah Fouad, Director of Human Resources responsible for holding training courses for staff operating these systems.

Finally, the project is completed after ensuring that (CMCC) project is functioning efficiently at full operational capacity. Accordingly, the project manager will hand over the project to the production manager to follow up on the activities of the (CMCC) after the approval of Mr. Gorge Stuard, the head of investors committee.

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