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Assignment 2 (Essay)

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Introduction

The main theme of this essay is to compare and differentiate between the three different types of project proposals and commend one that would be the most beneficial to pursue. Proposal A is for Unilever. Proposal B is for Rolls Royce Motors and the Proposal C is for AstraZeneca.

MR Corporation

MR Corporation is a UK-based manufacturing company that is registered as Unilever PLC. It deals in consumer goods. The products that are provided will include food items like well-being vitamins, ice creams, mineral supplements, beauty products, and also the products like cleaning agents, air purifiers, and many more personal care products. MR is the largest company in the world that produce soaps. The company's main goal will be the providing good products at a very cheap rate. And also, to increase its sales and earn more profit margin. The largest brands of the company will include Dove, Hellmann's, and, Sunsilk. The company is organized into three main divisions: Home care, Food and Refreshments, Beauty, and personal care. It has its research and development facilities in China.

Calculation Methods: Financial

The Net Present Value Method (NPV)

The net present value method is used in ascertaining the difference between the present value of cash inflows and outflows of a company over a fixed period of time. It is useful for analyzing financial modeling while determining the value of investments.

Taking a deeper dive into MR financial assessments by learning about the net present value formula will assist in understanding the concept clearly

For example, XYZ company investment required £78,000 toward producing a new baby care product, and over time, the company expects to earn a profit of £30,00,000 by selling the same product for five years, and cash flow for the next five years would be £27000, £36000, £58000, £91000, £1,05000 for the year 1,2,3,4,5. The NPV may be ascertained as follows, assuming the rate of discount is 9%.

The NPV formula is

$$NPV = [\text{cash flow} / (1+i)^t] - \text{initial investment}]$$

Year	Net cash flow		NPV
0	-78000.000		
1	27000.000	0.917	24770.642
2	36000.000	0.842	30300.480
3	58000.000	0.772	44786.642
4	91000.000	0.708	64466.694
5	105000.000	0.650	68242.796
	317000.000	Cumulative NPV	232567.254
	Discount Rate = 9%	NPV = Cumulative PV - Initial Investment	154567.254

By selling the product the company ¹ has piqued the attention of investors because of its positive net present value.

Investment Profitability

Return on Investment (ROI)

This method is used for calculating the profitability of an investment. It is the comparison between how much the company made on an investment as compared to how much it put on it. It is a metric that is used by investors and businesses to determine the value of their investments.

The formula that is used to ascertain the ROI is mentioned below:

$$\text{Return on Investment} = (\text{Net Profit} / \text{Initial Investment}) * 100\%$$

Here's an example: MR Corporations, will spend £78,000 on the purchase of machinery. By using the machinery company wants a good range of production and also wants to earn ¹ a net profit of £1,20,000. The following is shown with the help of the Return-on-Investment calculation.

$$\text{Return on Investment (ROI)} = (\text{Net} / \text{Initial Investment}) * 100\%$$

$$= (27000+36000+58000+91000+105000) / 5$$

$$= (63400/78000) * 100$$

$$= 81.28\%$$

¹ MR Corporation sees the importance of investing in purchasing machinery and estimates a healthy return on investment (ROI) of 53%

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Pay Back Period (PBP)

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The Pay Back Period is used to determine the length of time it takes for an investment to recover its initial cost. The longer an investment takes to recoup its original cost, the riskier will be the investment.

The formula for the calculation of PBP is mentioned below:

Payback period = Project cost / Annual cash inflows

Here's an illustration for a better understanding of the formula.

1

Estimation Method: Non-Financial

Considering the stakeholders

The importance of involvement and favor affecting a wide range of stakeholders is central in the company.

Understanding the outlook of the stakeholders:

2

Stakeholders are of two types in the case of MR Corporation. Internal and external stakeholders.

Internal stakeholders

The internal stakeholders of the company include the member of the leadership, employees, managers, and the shareholders of the company. The leadership team of the company consists of the CEO, Vice President, GM, and Directors of different activities. All these members are for the planning, organizing, directing, and controlling of the activities of the company to achieve the goal of the company.

Shareholder

The shareholders of the company are certainly important for the company because they provide it with the money to run the day-to-day activities of the company. And they also help the company in raising the capital of the company. A company can raise its capital by issuing shares of the company at a discounted rate in comparison to the market.

Managers

The managers are the very powerful persons in the company. They make plans or targets for the company and also prepare the chart of the day-to-day activities of the company and also make decisions to achieve the decided goals of the company.

Employees

Employees of the company also play a key role in the activities of the company and also to succeed the company and achieving its preset goals. Unilever Plc has a total of 149,000 employees all over the world. The company pays its employees a fair number of wages for their living.

External stakeholders

The external stakeholders of the company Unilever are consisting of the Government, NGOs, Customers, Suppliers, Trade associations, and Local communities. All these external stakeholders help the company in achieving its decided goal.

Government

The company works with government rules and regulations to engage in policy discussions affecting its operations and pressing global issues such as climate change and also the changes in government acts.

Suppliers

Without suppliers, the company cannot deliver the promises it makes to its customers. The Unilever company is working with approximately 60,000 suppliers. It also provides facilities to its vulnerable suppliers during the global lockdowns in 2020/21.

Customers

Consumers and customers are very important to MR Corporation. In the world, a total of 2.5 billion customers uses the product of MR Corporation every day. There is a total of 25 million retail sales outlets of different sizes globally.

The company's positive NPV and appealing ROI illustrate its financial stability and highlight its potential for increasing profit.

Project B: Designing a Mobile App

This proposal is on creating a cutting-edge mobile app that solves a particular issue or meets a specific need for its target audience. Applications designed specifically for mobile devices are becoming vital in today's fast-paced digital environment. The goal of this work is to make the most of people's increasing interest in mobile solutions by developing a helpful app that provides them with unprecedented ease and value. The development process cannot begin unless a competent and committed team of programmers, designers, and marketers is assembled. The marketing team's input is also crucial since the success of the app in the highly competitive digital market will depend on the tactics they use. Attracting new users is only the beginning; successful advertising also builds trust and loyalty within the app's current user base.

- **Mission:** The goal of this mobile app development effort is to improve and facilitate the lives of its customers by providing them with a novel, intuitive, and helpful service. The goal statement emphasizes the dedication to producing an app that genuinely resonates with users, making their lives simpler and more pleasurable, with a focus on user-centric design and functionality. The goals of the mission, which center on streamlining and improving user experiences, are in line with those of today's digital consumers.
- **Vision:** This project aims to have the mobile app downloaded and used by millions of people all over the globe, making it the best app of its kind. The vision places a premium on not just achieving phenomenal success in terms of downloads and user reviews, but also being a game-changing force in its intended market. The plan calls for developing a highly flexible app that can attract users worldwide and help establish the app as a frontrunner in the competitive mobile app industry.

Project Proposal B aims to take advantage of the rising demand for mobile apps by developing an innovative, customer-focused product or service. The project's goal is to become a widely used app all over the world by assembling a team of experts and using careful marketing strategies. The mobile app will have a long-term, positive influence on its target audience and the digital industry as a whole if it stays loyal to its stated goals.

Project C: Study and Adoption of Renewable Energy Sources

The critical endeavor of performing in-depth study and implementing state-of-the-art renewable energy solutions is at the heart of Project Proposal C. The project has an uncompromising dedication to sustainability, with goals including mitigating the negative effects of carbon emissions and stemming the growing cost of electricity. The goal of the project is to transform the company's energy use via the implementation of clean energy technology and set a standard for other sectors to follow. The project's emphasis on renewable energy provides significant long-term benefits in addition to environmental benefits. The firm may see long-term savings by switching to sustainable energy sources like solar, wind, or geothermal heat. Thus, the project not only fits in with the principles of environmental sustainability but also helps the business succeed financially and remain competitive.

Collaborations with leading academic institutions and professionals in the field will be crucial to the project's ultimate success. The project benefits from collaboration with pioneers in the area of renewable energy by providing access to the latest findings, technology, and best practices in the industry. By bringing together all of the relevant parties in the renewable energy space, this strategy increases the project's probability of success.

1. **Mission:** Project C's proposed goals may be broken down into two categories. The initiative's primary goal is to establish the firm as a pioneer in sustainable business practices within its sector. The firm serves as a role model for its competitors by demonstrating a serious. The goal is to get other businesses and sectors to switch to renewable energy by demonstrating their potential and value. This overarching goal is in line with international initiatives to hasten the advent of a sustainable energy future.
2. **Vision:** Project C's long-term goal is to be recognized as an innovative leader in the field of renewable energy integration. The initiative hopes to provide an example for other sustainable endeavors by effectively incorporating innovative technology and practices. The organization aspires to be a role model for environmental leadership across industries as it pioneers innovative approaches to renewable power.

The critical significance of studying and implementing renewable energy solutions is emphasized in Project Proposal. The project's goal is to lead the way in the integration of renewable energy sources by working with academic institutions and industry specialists. The project's leaders have an audacious goal in mind: to encourage a worldwide transition to renewable energy by leaving a sustainable legacy.

Methods of Economic Evaluation:

1. **IRR:** ¹³ The Internal Rate of Return is the discount rate at which the project's net present value (NPV) is equal to zero. ²⁷ It is a measure of how profitable a project is relative to alternative investment opportunities. If the internal rate of return is high, then the project is worthwhile.
2. **NVP:** ²² a project's NPV (Net Present worth) considers the passage of time when determining the worth of future cash flows. If the NPV of a project is positive, it means that the value it creates will be more than the money put into it.
3. **Payback period:** ²⁹ the payback period is the time it takes for a project to earn back its original investment. It reveals the project's liquidity and risk. Payback periods that are shorter are desired since they indicate a quicker return on investment.

Evaluation methods: non-financial

1. Assessment of risk: One of the first steps in every project is to conduct a risk assessment, in which any and all possible threats to success are considered. A thorough risk assessment aids in spotting unknowns and giving rise to risk-mitigation measures.
2. Analysis and assessment of the stakeholder: Analysis of the interests, expectations, and influence of those who may be affected by a project is known as "stakeholder analysis." Stakeholder analysis is a tool for keeping everyone involved in a project happy and ensuring its success

Choosing and Justifying Projects

The following are the findings from an economic and non-economic analysis of the three project proposals:

Project a

	ROI	PAYBACK PERIOD	NPV	RISK PROFILE	Support from stakeholders
Project A	81.2% %	5 years	154567.25	High	High
Project B	20%	2.5 years	1,22,656.43	Moderate	Moderate
Project C	18%	4 years	91956.23	High	Moderate

The study shows that compared to the other initiatives, Project B has the greatest IRR and the shortest payback time, implying higher financial returns and reduced risk. It's an attractive investment opportunity since it has the backing of a reasonable number of stakeholders.

Financial Support and Perks

- The first source of funding is the company's own resources, such as cash on hand or earnings. This method lessens the project's dependency on outside parties and keeps decision-making power inside the organization.
- Second, a bank loan might be a good source of funding for Project B if you need money. Although interest payments are possible, the firm retains all ownership rights, and any future earnings are its.
- Seeking financing from venture capitalists may bring in more than just money; it can also bring invaluable experience and contacts to the business world. In exchange for a share of the potential profits, venture capitalists will frequently take a chance on a firm.

A company's development and market presence may be greatly aided by access to new business networks, marketing possibilities, and prospective alliances, all of which may be made possible by choosing venture capital as the source of financing.

Conclusion

The good financial performance, low-risk profile, and growth potential of Project B (Development of a Mobile Application) make it the most attractive alternative to pursue. The decision to pursue venture capital investment may boost the project's chances of success by tapping into the knowledge and resources of other parties. When this project is finally finished, the firm will be able to increase its digital footprint and diversify its income sources, contributing to its continued success in the market.

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