Exercise 6: Uncertain Demand and Finish Date

The target date for delivery of the new phone is eight months. It is believed that the firm has a 45-day (1.5 month) window beyond this to get the new phone to market before competition would enter and the economics would change. Specifically, if the phone is introduced at 9.5 months or later, the price is expected to drop by 33%.

Modify your financial model to reflect this by linking it to the uncertain finish date of your Gantt model as follows:

1. Add cells to your Financial model for Target Date (in E8) and Actual Date (in E9).
2. Modify the price in cell E7 to reflect whether or not the project is late.
3. With Financials.xls in Excel, also open the Gantt.xls simulation.
4. Make sure that random numbers are working in both models.
5. Link the Actual Date (E9) in the Financials model to the Finish Time (D17) in the Gantt model. This is accomplished by putting the cursor in Financials (E9), typing “=”, then using the Window command in Excel to move to Gantt. Place the cursor in Gantt (D17) and press Enter. To test that the two models are linked, press the F9 key while in Financials.xls, and you should see both the Demand and Actual Date change randomly.

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