Chapter 5 Summary Review Questions

1. Which member of the project coalition is accountable for the value proposition in SPO?

The owner because the owner is responsible for both raising the finance for the investment project (either from internal revenues, external investors, or government sources) and capturing the funding stream that will repay that finance from beneficial use of the project outputs.

1. What are the differences between the strategic case on the one hand, and the economic and financial cases on the other?

The strategic case answers the question of why the project should be done, while the economic case appraises measurable benefits against expected costs and the financial case appraises whether the project can be afforded in the value proposition.

1. How do project capabilities differ from operational capabilities in owner organizations?

Project capabilities are dynamic capabilities that the owner needs in order to be able to change their operational capabilities. Operational capabilities are those that allow the organization to meets its customers’ needs and hence generate an income. That income is the usual source of surpluses/profits that can be invested in new projects.

1. Why is it important for project owners to manage stakeholders?

Stakeholders are both the principal source of threats to the shaping and delivery of the project, and also often require additional investment to meet their demands on the project.

1. What is a “boondoggle”?

A project of little or no net benefit which is financed anyway for political reasons. It is part of the rich lexicon of US investment appraisal terminology for Federal investment in infrastructure. “Logrolling” is the process of local politicians lobbying for Federal budget allocations for dubiously viable projects that favour local interests thereby filling the “pork barrel”, often by the attachment of clauses to more creditable bills. As President Reagan said of a 1987 highways construction bill before Congress “I haven’t seen so much lard since I handed out blue ribbons at the Iowa State Fair” (cited *Boston Globe*, 21/03/21).