

The Museum Company*Jovana Riddle***I. PROBLEM & SOLUTION**

Problem: The Museum Company doesn't negotiate payment deadlines in advance of performing or finishing the work that resulted in a lack of positive cash flows

Solution: Create an Internal Audit Department whereas hiring new employees would not be necessary but could be the choice of the Top Management.

II. EXECUTIVE SUMMARY

The Museum Company was a respectable military contractor, founded in 1977 and known for building museum exhibits. However, despite the company's reputation of delivering on-time high-quality exhibits among the industry players they encountered a lack of cash inflows during the progress of the project. This was due to their inability to negotiate payment deadlines in advance of performing/finishing work which made their payment obligations to employees suffer. Nevertheless, Oleg Zahar, the newly appointed CEO attempted to solve the problem by selecting experienced project managers, hiring a skilled project management company that provided them a four-day training with four modules that consisted of scope, time, cost and integration and at the end of the course they were expected to apply all their learnings to create a plan or strategy and execute it. Also, to apply to their existing problem, Oleg hired a technical expert so that the managers would gain a deep understanding of military exhibit design and realize how the architecture piece of each project fit in with the actual construction of each exhibit. All efforts mentioned above were done in expectation to solve the problem and to gain positive cash flows in each phase of the project.

III. BRIEF HISTORY

The Museum Company was a respectable military contractor, founded in 1977 and known for building museum exhibits. The company had the reputation of delivering on-time high-quality exhibits among the industry players resulting in a constant stream of work and its pipeline were backfilled months in advance. The company differs from other industry players due to its greater concern to quality over the cost of each exhibit that resulted in their negligence in questioning the price charged to complete the project whenever they were working with the contractors they were familiar with. As a result, the internal practices of the Museum Company were uncertain. Due to the problems and uncertainties that the company faced, Oleg Zahar, the newly appointed CEO role was being challenged to completely grasp the concept of baseline costs whereas it was used to measure and monitor the cost performance of projects and ensure the profitability of each phase of the project and the completion within the set time or date. However, despite being good at it, it turned out that the company had no positive cash flow at the end of each month since the cash inflow is less than the cash outflow during the progress of the project. The reason behind this was that they failed to negotiate payment deadlines in advance of performing/finishing work. Thus, the payment would be collected only after the project was completed that then resulted in their lack of cash in the company. Since the company was short in cash, they would need to borrow from the bank and pay high interest each month just to fulfill