

Role-Play Exercise: Prafac Engineering

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1. Print copies of the role-play exercise pages (one copy of "Background" for each student in the class; one set of the roles for every four students in the class).
2. Develop teams of five students (there are four unique roles in Prafac Engineering).
3. Have each student read the "Background" as an introduction to the exercise.
4. Assign each student a role to play and provide the specific role description.
5. Indicate the desired outcome of the process (e.g., press conference, written and/or oral presentation, short-term plan, long-term plan, employee meeting, etc.) and create feedback mechanisms appropriate for the desired outcome.
6. Teams will need at least forty-five minutes to review, discuss, and prepare.
7. Link the key issues to course training and learning objectives.

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Accounting manipulation (front loading) | Breach of contract | Fraud!

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You are the Operations Manager for the construction division of the company. Each project is overseen by one Project Manager. A building team consisting of engineers, foremen, and trade superintendents is responsible for the actual construction. The ProMp4..oj.0045g (nee

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You are the Project Manager for the White River project. Projects like this are very technical. You were hired specifically for this job because you have done at least ten other similar projects over the past 30 years. You began your career as a carpenter and have worked your way up a number of different companies. You are one of the few people in the industry to hold your position and not have a college degree. You intend to retire after this project. The bonus from the job will let you pay off the vacation home you purchased in Akumal, Mexico, and you will move there and enjoy the Caribbean.

One of your main responsibilities is the monthly billing to the owner for the project. The first step in this process is agreement on the schedule of the value for each portion of the work. Once these values are established, billing each item's monthly payment is simply a matter of agreeing on the percent complete.

When you came to work, the project was just starting and your orientation into company policies and procedures was very fragmented. You knew the reason you were hired was to build the project on time and under budget. You also know the best way to keep the accounting department out of your hair is to provide them with information that makes the progress reports look better to upper management. When there is any question about the progress of the project, you report your most optimistic opinion. Pessimists end up being overly scrutinized by all the "college boys" in the office.

Front loading is a part of this job. Front loading is the practice of putting most of your overhead, profit, and part of the value of the work that will be completed last into the value of the work that will be completed first, thereby getting paid much more than you have earned at the beginning of the job. Everyone knows that front loading is the way it's done, and that's the way it is. The fact will not change and it is a part of your job to make sure you get cash in early on the project. It always works out in the end and you've always done it. You have front loaded this project and have over-billed it by about 5 percent. Reports show that the project is 5 percent further along than it really is. Projected profits are 10 percent inflated.

The Operations Manager called earlier in the week to ask you to fly back to the home office to review your project with the CEO on Friday.

You have only been with the company for two years. You have spent the previous ten years with a law firm that deals only with mergers and acquisitions. You were hired specifically to deal with the sale of the company. As legal counsel, you very seldom get involved with the day-to-day construction-related business of the company. The past six months have been spent dealing with the sale of the division. You were involved in all of the negotiations of the sale, and all information going to Thompson filters through you. The project information comes from the Operations Manager and the financial information from the Controller. You generally check it for format and refer any questions about content to the Operations Manager.

The information you are required to get out to the purchaser has been very slow, especially the accounting information. You have questioned the Controller about this and