THE EXECUTIVE SUITE HAS RIGOROUS STANDARDS EVEN DURING THE BEST OF TIMES. SO, NOW WHAT?

TOUGH SELL

BY SIMON KENT --- ILLUSTRATION BY ELLEN WEINSTEIN

THE MUCH-HYPED "new frugality" isn't only for consumers. These days, business executives are keeping a tight lid on any new projects unless they're deemed absolutely critical to the business or, better yet, can deliver immediate returns.

Anything else is considered a luxury—a luxury most companies can't afford.

Diversification has been put on hold, says Eugenio Ferro, Milan, Italy-based energy and climate change business unit manager at global infrastructure engineering company MWH, South Europe.

Projects are still getting done, of course. It's just that the fine art of pitching projects has shifted. And even though every company has its own priorities and reasons for accepting or rejecting a project proposal, there are some ways to improve the odds.

Demonstrating a project's strategic value to a business ranks right up there.

Late last year, for instance, Mr. Ferro pitched a project to supply technical support to a company that wanted to develop its renewable energy portfolio—and he needed approval fast.

TIP **Close the gap.** Once a long-term project gets the go-ahead, project managers should work to reduce the time between launch and payoff, says **Tathagat Varma, PMP,** NetScout Systems Inc., Bangalore, India. It's a smart move for customers and impresses internal executives as well. "Projects must be reviewed to reduce their inventory such that an ROI is possible for the customer much earlier in the project—not necessarily at the end of a highly delayed, multi-year project execution cycle," he says.

"There was a sense of urgency about the proposal," he says. "The client needed the work done and they were expecting an answer from us in a short time."

To gain approval, Mr. Ferro focused on demonstrating how the project "perfectly fit" MWH's core business objectives and how the company could control the project's risk, even on a short deadline.

MORE THAN A NUMBER

Making the case usually requires going beyond the usual financial calculations.

"It's not as simple as saying here's a list of projects ranked in order of straightforward financial returns," says Richard Hemmings, a principal at management consultancy Arthur D. Little's energy practice, London, England. "All the potential benefits—as well as costs—must be quantified, however difficult it seems."

Take a project that lands in the middle of the list on a strictly financial basis, and ask, "What is the risk if we do nothing here?"

Projects that might appear less attractive from a cost-and-benefit point of view can turn out to be more valuable when considering the company's future, he says.

And those benefits aren't always reflected in the bottom line.

"A project which would lessen the risk of a chemical spill or improve response time in the event of an emergency would probably not have a positive ROI," says Joan Lundholm, PMP, president of PM Source, a Dallas, Texas, USA-based managing services and systems engineering company.

Ms. Lundholm consulted on a project undertaken by ice manufacturer and distributor Reddy Ice in September 2008. When Hurricane Ike knocked out electrical services to approximately 3 million people, ice became a critical commodity in the sweltering Texas heat.

"Reddy Ice responded immediately and approved a project shortly thereafter to vastly improve its ability to provide emergency ice in all types of natural disasters, all across the United States," Ms. Lundholm says.

"ROI was not the deciding factor for this expedited project," she says. "The company approved the project because it was the right thing to do in order to better serve the public."

The project was completed this June after the company passed an emergency drill. Of course, whether such a project would get approved in today's environment is open to debate.

TELL IT LIKE IT IS

Even after a project makes it past the pitch phase, it can still run into trouble. And that doesn't play well—especially in today's brutally bottom-line-focused project environment.

"Business executives want the projects done on time, within budget, now more than ever," says Charles McHenry, PMP, CEO of Foremost Consulting Services, Flower Mound, Texas, USA.

But if the project isn't working, it usually doesn't do any good to try to hide it.

"The earlier the executives have the facts, along with the project manager's fact-based projections and recommendations, the sooner decisions can be made on whether to halt the project or continue," says Ms. Lundholm.

Being able to share bad news requires establishing a clear baseline with the executives at the beginning of a project, says David Walters, a project manager at Parity, an IT company in London.

The baseline should include the following information:

- Scope
- Budget
- Plans, organization and roles
- Risks, issues, assumptions and dependencies
- Target benefits

"Progress reporting should then be based against this from day one," Mr. Walters says. "It should be on the basis of 'what's changed?'—for example, variances from the baseline—not just numbers, but anything."

If a variance does occur, it should be immediately documented so an action plan can be implemented to get things back on track or to demonstrate the variance is understood and under control.

BLOOD IN THE WATER

Given the economic climate, even a whiff of trouble can attract the attention of parsimonious executives. And face it, these days that may be enough to doom any project. If the forces at the top opt to cut their losses and kill off the project, there are some options.

"Meeting with dissenting board members one-on-one to determine specific objections or concerns—and then quietly debating those—can change an executive's position on a project marked for closure," Ms. Lundholm says.

If that's the route project managers opt to take, though, they had "better be armed with a fact-based rationale that clearly supports at least one of the company's strategic planks and sets realistic expectations," she says.

Mr. McHenry agrees.

"Unless the project manager has important information which was not previously known by the company, a decision to halt a project is typically final," he says. "The double-edged sword is that the project manager should not be the sole owner of such important information. It should have been included in business cases and status reports."

At some point, it's best to accept the decision and stop pushing for a project—or suffer the consequences.

"Openly campaigning against the board's wishes probably isn't a smart career move," says Ms. Lundholm.

In some cases, project managers may have to accept that the executive team may have just cause for shutting down a project.

Tathagat Varma, PMP, general manager at NetScout Systems Inc.'s engineering center in Bangalore, India, cites a project aimed at developing a software-based device to connect telecommunications. After running the project for a year, the team realized it wasn't going to produce a result that matched the initial requirements.

Executives decided to abort the project—but not everyone was happy about it.

"The development team was naturally in love with the project, but since the performance was just not showing up, there was no point in running the project anymore," Mr. Varma says. "There was initial resistance, but in the absence of any credible argument to continue and salvage the project, that resistance quickly melted away. Since the project had fallen out of favor with the executives—and not for a wrong reason—no one saw the need to lobby for it anymore."

Sometimes, it is just best to move on. But project managers shouldn't lose too much sleep over it. After all, even in today's economy, there's bound to be another project on the horizon. PM

It's not as simple as saying here's a list of projects ranked in order of straight-forward financial returns.

—Richard Hemmings, Arthur D. Little, London, England