

## The Project Trade-off Twinkie



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**The key to working with executives is using trade-offs to tailor your project to meet their needs rather than presenting "one best way" project plans.**

Never in the history of project management, has a project manager presented a plan for final approval without two questions being asked by the decision-makers:

- ❑ "How can we do it cheaper?"
- ❑ "How can we do it faster?"

### The Wrong Answer to These Executive Questions

Most project managers collapse against their chair in stunned, open-mouthed silence and then stutter, "Another way of doing this? You've got to be kidding! This is the one way to do this project. I've spent hours laying this out so it's perfect! We really can't change anything or it will be a disaster." Then the PM may proceed to "fight for the plan," arguing with people of higher rank or those who sign the PM's invoice.

And what do the executives think when they hear this "only one way" response? First, they decide that the PM has lost sight of the business issues at hand and fallen in love with the delicious technical goodies in the plan. Second, the PM's defensive answer convinces the executives that the plan has a lot of fluff and padding that they need to squeeze out. Third, it tells them they need to watch the PM closely because they are not dealing with a business problem-solver.

So these decision-makers answer their own questions by slashing the duration and/or cutting the budget. Because the project manager is ill-prepared to discuss options and their impact, the executives make no trade-offs to compensate for their changes in order to maintain the project's feasibility. This is the equivalent of chomping down on one corner of a Twinkie and having the crème filling ooze out all over your shoes. Yes the duration has been cut but the mess on your shoes is an unnoticed increase in cost, lowered business value delivered and higher risk. The end result is often a project that is doomed to fail before it starts and every member of the project team knows it. In some organizations this project approval process is the norm and so is a high rate of project failure.

### The Trade-off Answer to Those Executive Questions

But there is another way to answer those two questions the executives always ask. It goes like this: the PM rises saying, "Yes we can do it faster and cheaper," as he/she hands out a summary sheet of the alternatives. "Here are other ways of approaching the business issues that face us. The top sheet is a summary of the principal trade-offs for your consideration. I've prepared

three duration trade-offs and four budget trade-offs and can model various combinations if you wish. The first trade-off will reduce the duration by 30 working days from the initial plan I presented but it requires adding two contract programmers for three weeks on task #63 and an additional trainer on task #46. The combined cost of those additions is \$2,300 in exchange for the 30 day shorter duration. The second duration trade-off can reduce the project duration by an additional 12 working days but it requires that we..."

What's the executives' reaction to this approach? First, the project manager is usually perceived as a knowledgeable business problem-solver, able to tailor the project to meet the executives' needs. Second, the execs don't feel they are being sold a bill of goods and a project loaded with fluff because the PM quantified trade-offs rather than relying on vague threats of disaster. Third, the executives usually relish the opportunity to make strategic decisions based on data rather than being stuck with a take it or leave it approach.

The executives may still chomp down on one corner of the Twinkie but the PM can quantify how much of the crème is oozing out and tell them about it before it ends up on everyone's shoes. The PM may not get approval of the original project but the odds of emerging from the approval process with a feasible project are much higher. As well, the PM's credibility grows and that is worth a great deal as the project moves forward. That credibility is invaluable in competitive consulting situations and is an important foundation for scope control. Last, the PM sets the stage for effective change control because he/she will model options the same way each week as they deal with change requests.

## So How Do We Model Tradeoffs?

To be able to present choices like those above, we need to develop project schedules the way the pros do. First, we need to think of our projects as cream-filled Twinkies. When we squeeze one corner of the Twinkie the filling oozes out the others. That's an elegant example of a project trade-off. Projects are delicate. Just about everybody understands that when we take away resources, the duration is going to increase. When we increase the business value we deliver, the cost and the duration will both probably rise. When we want to increase the certainty of finishing by a specific date, the cost will increase as we "buy" risk insurance. These are the trade-offs that decision-makers should be able to assess. But to do so project managers must quantify all four corners of the project (scope, duration, budget and risk). But most projects are not defined with four quantified corners.

### 1-Corner Projects

Most internal projects have one measurable corner; the duration. There is no explicit project budget, the business outcome is a long mushy narrative and there is no assessment of risk whatsoever. Not surprisingly, executive decision-makers focus on the duration because it is the only measurable element in the project. In organizations where one-corner project management is the norm, we find project teams that face impossible deadlines and project managers who have no tools to control scope. Scope creep is rampant. When the team is within a few weeks of the completion date, they decide what they can accomplish in the remaining time. The usual result is that they deliver something close to the completion date and then spend months fixing what they slapped together.

## 2-Corner Projects

Some organizations add a second corner and measure duration and budget. While creating a budget is a tiny bit of additional work for the project manager, the benefits of adding this second corner are substantial. The PM can now quantify the trade-offs between duration and cost. This is invaluable not only during the initial approval process but also as we exercise scope control. As the one-corner people know, controlling scope creep is exceedingly difficult when any change is "free" to the users or stakeholders. Even if the cost of the project is not being paid for by the user, a budget still gives us a tool to quantify the impact of scope changes.

## 3-Corner Projects

Things get even better when we quantify the third corner of our project Twinkie, quantified business results. Now our project scope is defined by a network of measured business outcomes. This gives us hard-edged criteria to assess what the user is buying and also to judge the success of the project. Our trade-off analysis becomes even more powerful because we can give the decision-makers information about the trade-offs between the size of the business achievement and the cost and duration. Thus, we might be able to express trade-offs like, "Resolve 90% of the customer inquiry calls during the first conversation for a budget of \$100,000 and a duration of 6 months." The alternative we might present is "Resolve 60% of the customer inquiry calls for a budget of \$45,000 and a duration of 3 months."

**4-Corner Projects** – Our four corner project plan adds an assessment of the project risks. When we add this last corner to our trade-off Twinkie, we can offer executives the ability to decide what level of certainty they want to buy in terms of a confidence level for achieving the other three corners. So we say, at a 60% confidence level, we can deliver the scope in 6 months for \$25,000. To raise the confidence level to 80% will require a budget of \$37,000. Whatever level of confidence the decision-makers decide to buy, we are much better off than having everyone assume that the plan is 100% certain of hitting its metrics unless the PM falls asleep on the job.

## Dynamic, Not Static, Project Models

The other requirement for trade-offs is using dynamic project plans that let them quickly and easily model or simulate the impact of trade-offs on the 4-corners. Most PMs build static models where start and finish dates are plucked from the sky. The resulting durations don't reflect the relationship between then amount of work and the resources available to do it. So when the executives ask, "What will it take to finish a month early?" all the PM can say is, "More resources." Dynamic modeling of project plans takes a bit more work than a static model but the time spent to build the model is more than recouped in faster status reporting and change control quantification.

## Summary

To learn more about our "4-Corners trade-offs"<sup>™</sup> and dynamic modeling of project plans look at our [individual distance learning classes](#) or [in-person seminars](#) for your organization.