

### SELLING EXECUTIVES ON PROJECT MANAGEMENT<sup>3</sup>

#### Background

The executives at Levon Corporation watched as their revenue stream diminished and refused to listen to their own employees that were arguing that project management implementation was necessary for growth. Finally, the executives agreed to listen to a presentation by a project management consultant.

**Need for Project Management** Levon Corporation had been reasonably successful for almost twenty years as an electronics component manufacturer. The company was a hybrid between project-driven and non-project-driven businesses. A large portion of its business came from development of customized products for government agencies and private-sector companies around the world.

The customized or project-driven portion of the business was beginning to erode. Even though Levon's reputation was good, the majority of these contracts were awarded through competitive bidding. Every customer's request for proposal asked for a section on the contractor's project management capability. Levon had no real project management capability. Since most of the contracts were awarded on points rather than going to the lowest bidder, Levon was constantly downgraded in the evaluation of the proposals because of no project management capability.

The sales and marketing personnel continuously expressed their concerns to senior management, but the concerns fell upon deaf ears. Management was afraid that their support of project management could result in a shift in the balance of power in the company. Also, whatever executive ended up with control of the project management function could become more powerful than the other executives.

#### Gap Analysis

Reluctantly, the executives agreed to hire a project management consultant. The consultant was asked to identify the gaps between Levon and the rest of the industry and to show how project management could benefit the company. The consultant was also asked to identify the responsibilities of senior management once project management is implemented.

After a few weeks of research, the consultant was ready to make his presentation before the senior staff. The first slide that the consultant presented was Exhibit 10-5, which showed that Levon's revenue stream was not as good as they thought. Levon was certainly lagging the industry average and distance between Levon and the industry leader was getting larger.

The consultant then showed Exhibit 10-6. The consultant had developed a project management maturity factor based upon such elements as time, cost, meeting scope, ability to handle risks, providing quality products, and customer interfacing and reporting. Using the project management maturity factor, the consultant showed that Levon's understanding and use of project management were lagging the industry trend.

The consultant then showed Exhibit 10-7, which clearly illustrated that, unless Levon takes decisive action to improve its project management capability, the gap will certainly increase. The executives seemed to understand this but the consultant could still see their apprehension in supporting project management.

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Exhibit 10-5. Levon's gap analysis

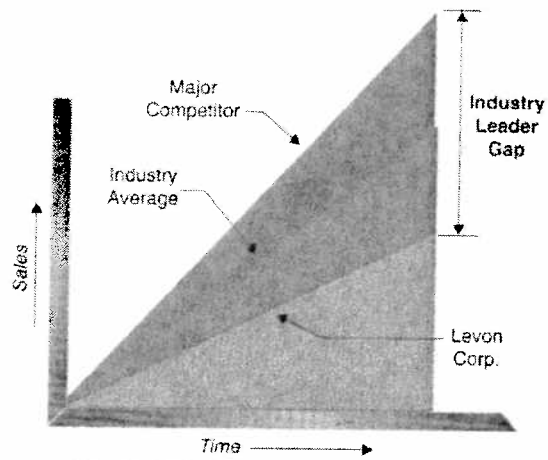


Exhibit 10-6. Project management performance trend

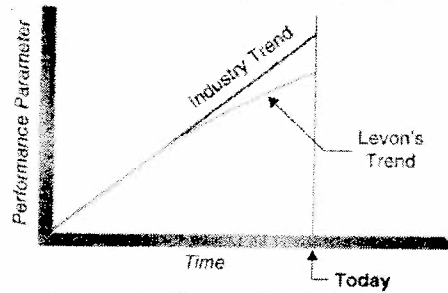


Exhibit 10-7. Increasing performance gap

