How to win praises and promotions with cost benefit analysis

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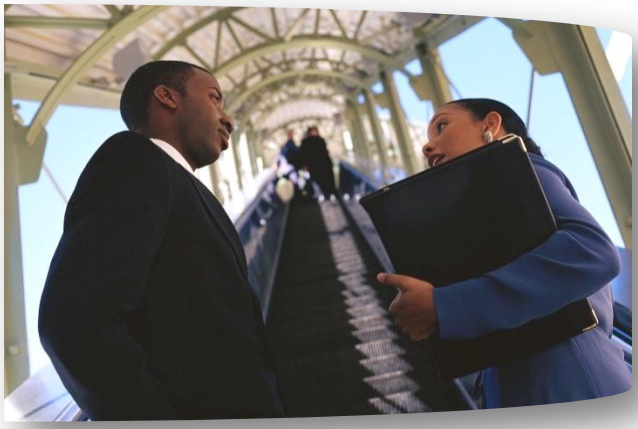

The analysis on whether a new project will bring an organization measurable, quantifiable benefit is a boring topic: net present value, future value, payback periods, yadi, yadi, yah.

What could be interesting is **how to explain the expected result**s of your project so that it wins you a promotion or at least a decent raise. First we have to consider the players, how are they measured and what would make them interested in your project. Then we have to consider how we measure the expected value of your projects in a meaningful way.

Finally, we have to consider the "elevator pitch" or the one or two sentences that would capture your audience's attention, **make them interested in your project, and win you a promotion or a raise**.

How to measure the expected value of your projects … and consider the "elevator pitch"

Determine the quantifiable financial benefits and the key business objective to your organization

The Players

Broadly speaking, you are only likely to run into three kinds of players: Senior executives, peers, and junior staff members. The senior executives are most likely only interested in making more money for the company, saving money for the company, or beating the competition. Your peers are probably interested in being smarter or better than you. The junior staffers are interested in being part of a winning team, practicing their professional interests, or being praised by their peers.

To appeal to each of these players you need to know three things about your project:

- what are the quantifiable financial benefits,
- what is the key business objective, and
- why should they individually care about any of these?

The Cost Benefit Analysis

To calculate the quantifiable financial benefits is where you need the cost benefit analysis. A cost benefit analysis tries to quantify all positive aspects of a project -- the benefits -- and all negative aspects of a project-- the costs or expenses-- to determine if a project will bring a positive financial benefit to the organization.

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To do a cost benefit analysis

First you should talk with the Chief Financial Officer (CFO) in your company. The CFO probably already has an internal way of calculating cost benefit analysis. Even if there is not a company standard method, the CFO will be extremely helpful in letting you know what is important for your organization.

As a next option, you could have a look into a few of the books available on the topic cost benefit analysis. There are several good options available on amazon.com.

Lastly, there are software solutions to calculate cost benefit analysis. As a word of warning, each business is just different enough on the cost and benefit drivers that with a software solution you may spend more time trying to make an off-the-shelf software solution work than if you and your CFO got together on the topic.

Here is a non-real costs benefit analysis example: A manufacturing company undertakes a project to implement business intelligence software.

Let's call it the "Deliver Value" project. The biggest issue at the company's executive board level is the time and cost of working with the suppliers; the competition has a better solution.

Benefits

Tangible (Quantitative) Benefits

- Increase revenue by 3% - $X Million
- Reduce inventory by 25% - $Y Million
- Reduce reporting headcount by 2 Full-Time-Equivalents - $Z Thousand

Intangible (Qualitative) benefits

- Provide employees with easy access to information
- Integrate information tighter with suppliers
- Deliver key metrics on supplier performance to the executives

Cost (Investment)

- Software – new licenses & maintenance
- Hardware – servers, on-going support
- Training – 25 users
- Implementation – 6 person months

Cost Benefit Analysis

- Net Present Value (benefits minus costs adjusted for the cost of money) – $1 Million
- Payback Period (number of months before the costs are repaid by the benefits)- 9 months
- Return on Investment (the incremental gain from the investment)– 409%

The Sales Pitch

Now, the final part of our career building steps is to let people know about your project. Out of your cost benefit analysis you will need the quantifiable financial benefit. In addition, you need the main business objective of your project and the reason why each player might care. You have to slot these into your elevator speech depending upon the "player" to whom you are talking.

Here are some examples about how you might spin your information. We continue with our "Deliver Value" project example.

For a senior executive:

"I am working on the "Deliver Value" Project: We are planning to make the company $1 Million -- a 400% return on investment -- by implementing a business intelligence solution that will help us work better with suppliers. John Doe is our executive sponsor."

For a peer:

"I am working on the "Deliver Value" Project. We are working to integrate information with our suppliers. If this works, we will make the company $X million in new revenue. This solution should put us well ahead of the competition."

For a junior staff member:

"I am working on the "Deliver Value" Project. It is the coolest thing the company has ever done. If this works, our team will make the company $X million in revenue and we will be able to integrate information with our suppliers. We will be the envy of the whole company."

Conclusion

If you get it right, everyone will be watching your project and you personally. What is not discussed in this article is the hardest part of the equation: actually delivering the expected results from the project. That is a whole other story. For that, ensure you put the right team in place and monitor them closely. The last thing you would want to do is go around the place making big promises and not deliver.

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