Good IT Equals Good IF: Intestinal Fortitude

By: Ken Hanley (28 Jan 2000)

Could you turn your nose up at a $8 million systems development contract?

You could if you knew the system was going to cost you $10 million to deliver. Trouble is, the simple logic of this equation only seems to come to the fore once a project gets into deep trouble, when the reality of the thing is looking the developer square in the face.

The delivery track record of the IT business should tell us not to take the sucker bets, not to do projects with the belief that we can make it work somehow. Where walking away would seem to be the logical response, many IS professionals, both clients and service providers, seem to freeze on the spot instead of lacing up their shoes.

Typical situation: president of a large potential client says: "Look guys, I know your plan says 16 months and $10 million, but we just don't have that kind of time or money - we really want to work with you guys, and we're willing to sign a (fixed price) contract with you right now if you can do the whole thing for $8 million inside a year'.

Ever see a marketer walk away from $8 million? It seems like an awful lot of money (and commission), especially if you stack it up against the potential of losing the business altogether. And a year doesn't seem all that bad if you really think about it does it? Twelve months? Hell, that's next-year country - we'll work a little overtime if we have to, throw a few extra resources in here and there, no problem.

Of course, the right answer in a situation like this is never simply "Yes, we'll do it" - the smart IT project manager should say "$2 million and four months less? Let us take a hard look at our proposal and we'll tell what less money and less time will mean to you - we'll have to reduce deliverables considerably, of course - give us a week and we'll tell you how an $8 million project in one year looks different."

If you really can do the same project you'd planned for $2 million and four months less, your planning wasn't any good in the first place, and the people who do your project plans are idiots.

If your organization thinks you can simply "suck it up" and make it work without any change to the project scope, the people you work for are idiots.

You owe it to yourself and your organization to ask the tough questions: If we do bite off on this project for a lower price, how are we planning to make any money? Are we planning to change-order the client back up to a $10 million bill? Does the client know that we've got this in mind? While we're on the subject, would someone show me how we're going to shave four months? What extra resources are we going to put on it, and who is going to pay for them? What are we planning to drop from the scope, and when do we intend to tell the client?"

If you don't get explicit answers to these questions, you've got trouble coming fast - you'll be filling out change orders alright, but the client's sure not gonna want to see 'em.

Worse yet, you really don't have a leg to stand on if you ask for more time and money: if your organization isn't clear and explicit on what changes you'll make to the plan to accommodate the missing $2 million and four months, the client will assume the same baseline as you laid out for $10 million bucks and 16 months. Only for $2 million less. And four months faster. Your organization signed the deal after all - good luck getting a change order through if it even has a sniff of "making up for a loss."

So what does it cost to say no to a really ridiculous request….do you really think you'll lose your job for asking the tough questions? If so, do you really want to work there in the first place? Do you really want to work for an organization that doesn't trust your expertise and good judgement?

From some clients you may get "If you won't do it, we'll find somebody who can." If you're confident in your plans in the first place, tell 'em to go ahead; do you mind if a competitor loses $2 million and delivers late?

If you've gonna have to eat your crow, better to eat when it's young and tender.