

Getting Projects Approved

THINK YOU'VE WON THE GO-AHEAD FOR YOUR PET PROJECT BECAUSE YOU'VE CONVINCED LOCAL MANAGEMENT TO SUPPORT YOUR PROPOSAL? That's certainly the first hurdle. But you may need to step up to the next level, which means getting projects approved outside the plant. And that means you'd better recognize this key to success: "The project has to be very attractive to be funded, because it will compete with others," observes Doug White, vice president for advanced process control for Austin, Texas-based process automation vendor Emerson Process Management (www.emersonprocess.com).

Of course, primary attraction equals potential financial benefit. "The project has to show a clear and compelling return on investment," White declares, emphasizing that it's important to put the proposal together in a way that gets attention. This is where problems arise, though. Engineers aren't well versed in doing financial analyses, or in presenting the results in a way that the head office will understand, he observes.

Seek assistance from the company's financial group to understand the selection criteria, White advises. "Work through the finances with them before writing the proposal, so they agree with the basis used and generally agree with what will be put into the formal proposal."

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Some basics to cover include cash outflow and when—immediately or later—the return on investment starts. That requires you to translate the proposal into positive payback. How? Suppose an engineer says a new distributed control system (DCS) is important to better operate the plant. That alone won't fly, White asserts. "You've got to say the DCS will reduce energy by X amount, or it will give this many dollars [in return] per year." Also, fortify the proposal by showing how it improves the operation's reliability, he adds.

Besides financials, include quantifiable and non-quantifiable side benefits. Tops on White's list are health, safety and environmental (HSE). "If the investment will improve that, that's a very big plus, though it may be hard to put value on it," he says.

KNOW THE HOT BUTTONS

Be nosy, too. When putting the proposal together, it's important to know what's important to your boss and his boss, White counsels. If there's an issue in the plant—for example, safety—"clearly, if your investment supports solving that, it'll probably be noticed more than others."

Know how to package the proposal. "Usually, there are standard formats," White observes. "Follow them." And be bold: Ask the plant manager and budget committee for an approved successful proposal, he suggests. "Try to find the typical scenario."

Then having the right presentation and handouts, "present the proposal in a way they (management and others) can understand," White stresses. Begin by first defining the problem, then telling them why your project is important and giving reasons why it needs to be done, he emphasizes. Then—and only then—go into financials, beginning with the most likely scenario. "Then present financial returns under other scenarios."

Being prepared for the presentation to management or the budget committee, or both, means anticipating objections—and trying to know how to respond, White says. "Include upsides/downsides and what-if scenarios." His two most-important quantifiable what-ifs are energy and feedstock costs. The most important potentially non-quantifiable what-if is HSE, he adds.

Throughout the process, identify opposing projects and people, as well as supporters. "In terms of larger and more complicated investments, the more allies you can get in plant management, the better off you are," White says. Remember, too, that once you've made the presentation to your higher-ups, you become their consultant for the presentation to their higher-ups—inside or outside the plant. 

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