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Dr. Laurie Anderson

Steak or Sizzle: What sells in your organization?

I love a good PowerPoint presentation. It's great to be entertained with graphics and sound bytes. But it's dangerous for any of us to confuse the sizzle of a business proposal with the "steak" of true content.

When it comes to evaluating business proposals, most of my executive clients make their determinations based on a combination of due diligence, business instinct, and gut feeling --- but never SOLELY on the lure of the graphics or the resonance of a sound byte on a PowerPoint slide.

Yet having advised hundreds of individuals on how to present their ideas to senior management, I can attest to widespread confusion about what comprises a compelling business case. And in the absence of set guidelines, people often work too hard on the "look" of their presentation and not hard enough on the substance of the argument, the metrics, the competitive analysis, or the quality of forecasting that can persuade their leadership of the viability of their recommendations. And when their proposals are rejected, they are often demoralized and conclude that senior management doesn't 'get it,' is too risk adverse or too politically oriented in their funding allocation.

This confusion can be quickly remedied if executives are able to communicate their needs and expectations to their managers. It is up to executives to end the guesswork by spelling out exactly what they want and need to know in order to support specific business strategies.

Of course that assumes that you know what you are looking for.

We rarely spend our workdays studying simple problems that have sure-fire solutions. Rather we face complex issues in a fast paced marketplace and have to evaluate when to take what risks to further the organizational mission. The business case is designed to help make those calculations more clear.

The Business Case

By definition, a business case is a detailed, point by point analysis that serves as a decision support document for a point of view (the 'case'). The business case:

- Can and should be referenced/refined over time.
- Includes the good news and the bad news, the pros and the cons.
- Involves lots of gathering and analyzing of data.

- Relies on business logic to assess the viability of an idea.
- Tries to 'prove' or 'promise' business results using common business financial ratios.
- Identifies decision criteria and compares the top alternative accordingly (including doing nothing).

Preparing a solid business case takes time and thought. But this step is critical if you want to ensure that that key organizational decisions are based on business strategy, facts, and data versus the more expeditious, but less compelling "I think and I believe" approach. Ideally, the process of preparing and reviewing a business case guarantees that the smartest thinking prevails, that the best ideas are made better, and that the concerns and known downsides of a particular path are clear, discussible, and trackable (for even a great idea requires great execution to be successful).

The temptation many managers face when presenting to senior management is to try and seek agreement quickly and easily. The bad news is minimized and the upside is exaggerated or communicated more via enthusiasm than facts. A standard business case template will guard against these tendencies because it requires answers to pre-determined questions, a review of both the good and bad news, and a summary of competing arguments and hypotheses. It forces everyone to look at the issue from a variety of angles so that different perspectives can be anticipated rather than dodged, and there can be collectively thoughtful decisions made on which direction to pursue.

What Makes the Case?

Dr. John Sullivan, who has developed and overseen business case preparation for over 25 years for companies ranging from Hewlett Packard and Cisco to small business owners, has found that there is very little variation in what constitutes a compelling business case. "It turns out that most financial professionals and executives are very logical people. What they expect is surprisingly consistent with businesses of all different kinds and sizes."

Most executives agree that there are 12 key questions that a business case must address:

1. How do we know that there is a viable problem to solve or business opportunity to pursue? What data and what analysis ARE being used, and what SHOULD be used to make that assessment?
2. What are the decision criteria? What key business metrics should guide a 'go/no go' decision? What result do we need to look for in those metrics?
3. What are the promised results of the solutions being proposed?
4. How will the proposed solution help drive current organizational goals and priorities? Can the impact of this program on these larger goals and priorities be quantified versus inferred?

5. How will this program or initiative enhance the organization's competitive position? How does it specifically help with differentiation among key customers?
6. What are the critical success and failure factors (i.e., where else has this been tried and what has been found to drive its success or failure). What is our probability of success?
7. What are all the economic impacts of this proposal (i.e., investment, return, profit, payback period, need for future investment)?
8. Does the organization have the talent, competencies, and technology to implement this solution today?
9. What are the short-term and long-term consequences of not implementing this proposal?
10. Is the project plan credible?
11. What are the 2-3 alternative approaches recommended if this exact program isn't followed?
12. What do thought leaders in the field say about this issue/opportunity and what has been the external feedback on this particular proposal?

The Business Case Checklist:

In addition to answering the basic questions summarized above, executives agree that there are 10 factors that should be addressed in preparing and presenting the business case. When each of these factors is covered, you can be confident of the rigor of the analysis.

1. **EXPERTISE.** Senior management wants to be sure that you have invested the time to become a clear and undisputed expert in the solution/problem that is under review. They also want to be sure that people have calibrated with the smartest thinking outside the your organization. Gary Hamil, a famous business strategist and futurist, tells us that about 80% of what we need to learn about our own organizational future in the 21st century marketplace will come from talking to those **OUTSIDE** of our current organization. This means that it is critical to learn about emerging trends and issues and state of the art answers, and to be able to cite the impact on similar programs/processes. So, be sure to identify the critical success factors (why something worked, not just that it worked), calibrate with, the thought/practice leaders in the field, and anticipate and answer the tough questions.

2. **METRICS.** Words without numbers are not persuasive to those with the checkbook.

Senior executives want to see an abundance of data and facts to support your recommendations --- not just words or opinions...and not just the numbers we can easily access. You must present the metrics that we want to guide a go/no go decision.

3. DEFINITIONS. Be sure that any word that is used repeatedly and is important IS defined operationally so there is clear agreement about what is being discussed.

4. FORECASTS. Because the programs/solutions being recommended are for TOMORROW, you need to have some kind of handle on how tomorrow will be the same and how it will be different. You must show how this program, solution or recommendation will be adjusted to address emerging issues or to capitalize on trends...

5. FIT. It is important to demonstrate that the program/proposal fits with the organizational priorities, goals, targets, and values. To make this link, quantify the impact/contribution to those and explain all the synergies that have been explored and optimized.

6. RISK ASSESSMENT. Be sure that estimate of the risk levels and the critical success factors are identified (and not guessed at).

7. THE YEAH BUTS. Most executives require the hard questions/tradeoffs/options to be surfaced and evaluated.

8. COMPETITIVE ADVANTAGE. It is critical that you explain fully how your proposal improves your organization's competitive position. How does it give you an advantage? How does it differentiate you? How does it make you like the firm you emulate most (your gold standard)? How might your immediate competition respond to your new actions? What will be your response to their response?

9. OUTCOMES. Effort does not win the prize here. Tangible and business valued outcomes are what matter most. If you cannot count them, they don't count.

10. ALTERNATIVES. To make a prudent decision, senior executives need alternatives -- - perhaps the top 3 alternatives. One of these options might include how to scale back the proposal as written. To make sure that the discussion does not become an all or nothing decision, be sure to offer the .the costs/benefits of doing nothing.

Summing it Up:

All the glitz and pizzazz of PowerPoint cannot make an idea more sound ---- it can just make it LOOK more sound. None of us can afford to be fooled by the bells and whistles of a proposal. Leaders at all levels of the organization need to agree on the standard questions to address when evaluating the viability of a current program or a new direction.

The 12 questions presented here represent an ideal scenario. Although you may not be

able to answer each and every question on this checklist definitively, you must invest the time and effort to make as thorough an evaluation as you possibly can. If you aren't willing to make the effort, you run a greater risk of failing. To not try and address these questions puts the organizational investment of crucial funds in a more precarious position.

When you work to end both the guesswork and the misapplied focus on sizzle, it will be easier for managers to create substantive and convincing presentations and proposals.

Help yourself and your organization by teaching managers how to sell you with solid answers to critical business questions. Tell them what it takes to win executive support. Clarify the organizational standards for a business case. Teach your future leaders how business decisions should be made.

Sidebar A:

In making your case, watch out for the following pitfalls of a business proposal:

- no decision criteria
- no numeric commitments (versus 'hoped for' targets)
- no definitions of key words (i.e., "better, faster, effective, quality, cheaper")
- non-prioritized lists
- no customer service or quality metrics
- no forecasts
- no mention of where this has worked or not worked in other places
- no reference to input or feedback from current thought leaders or credible outsiders