

# Problem Solving to Close a Project Gap– Defining and Initiating Action

Erik Vogel  
Sr. Program Manager, Hewlett Packard

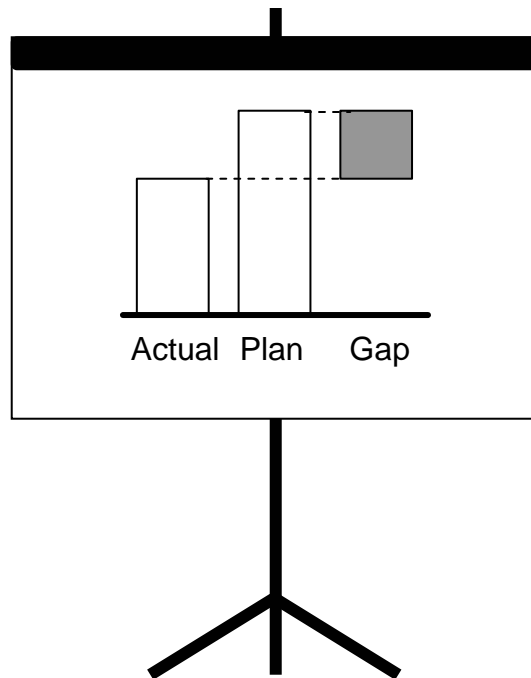
[erik.vogel@hp.com](mailto:erik.vogel@hp.com)  
801.453.0611

PMs often find it difficult to close performance gaps, particularly when cross-functional organizational processes are not designed to do so.

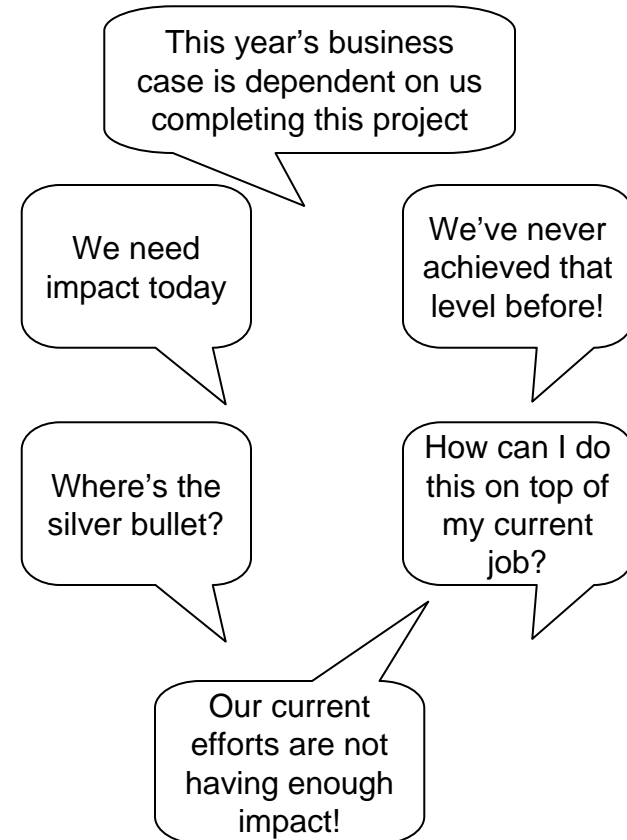
---

## TYPICAL PROJECT SITUATION

Gap is substantial and often cross-functional in nature . . .



. . . and in-place organizational processes are insufficient

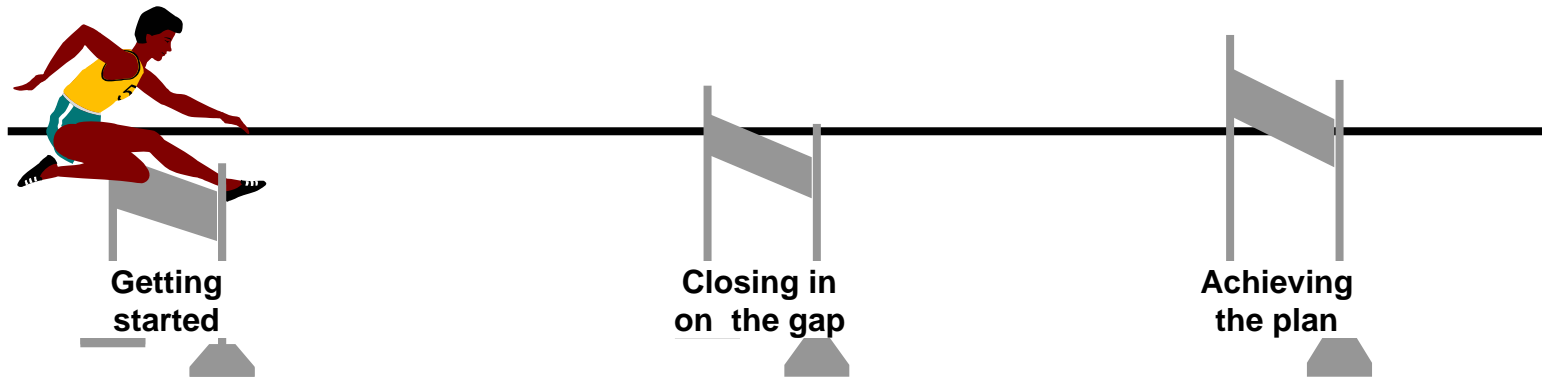


Closing the project performance gaps typically involves an iterative process where waves of initiatives (prioritized by impact and ease of execution) are undertaken.

---

## ITERATIVE PROCESS USES WAVES OF INITIATIVES TO CLOSE GAP

Time to year end  
**212 days**



---

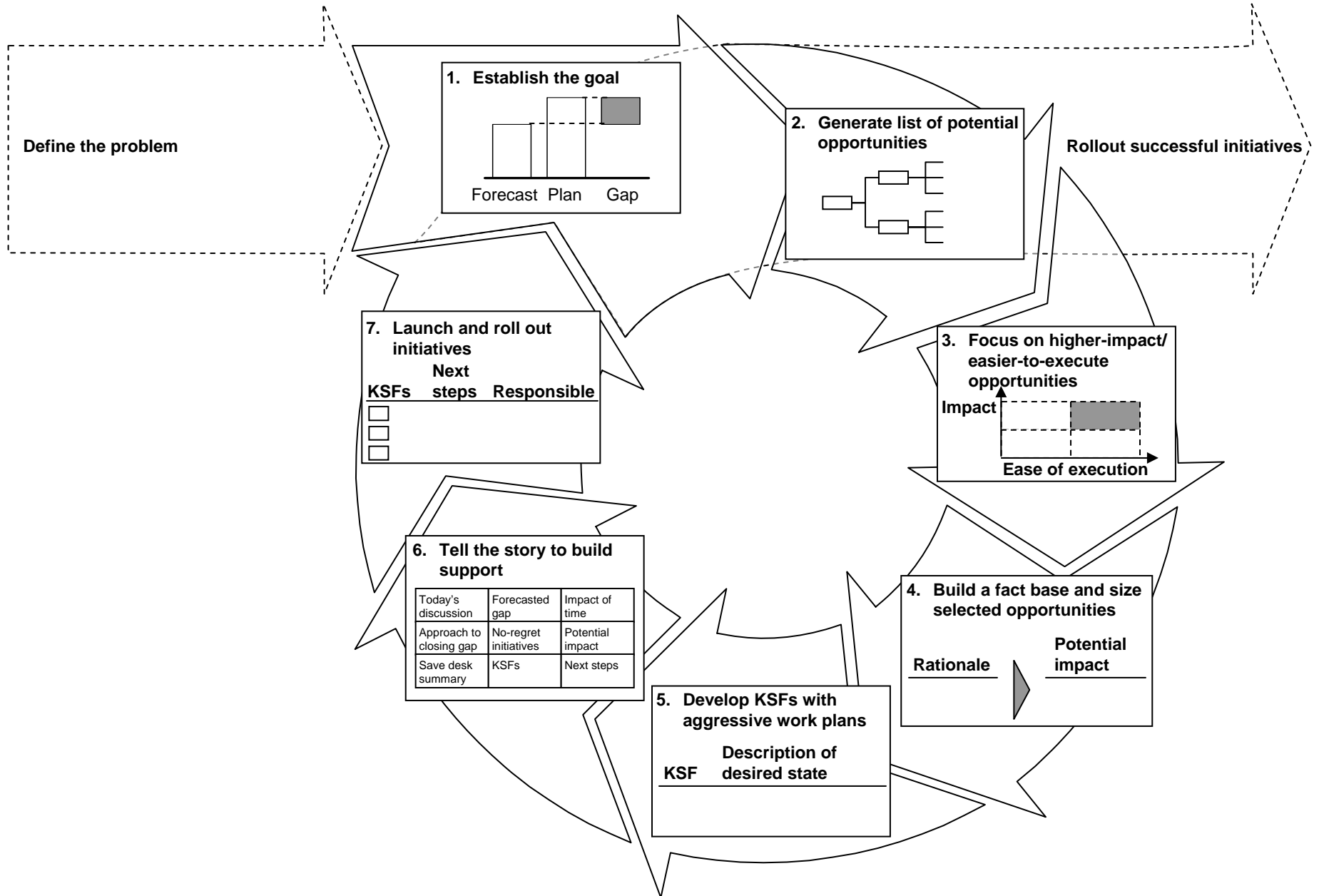
Quickly launch no-regret actions to get moving

- High impact
- Easy to execute

Launch actions to narrow the gap

Launch additional waves of actions to close gap

# 7 STEPS TO DEFINING AND INITIATING ACTION

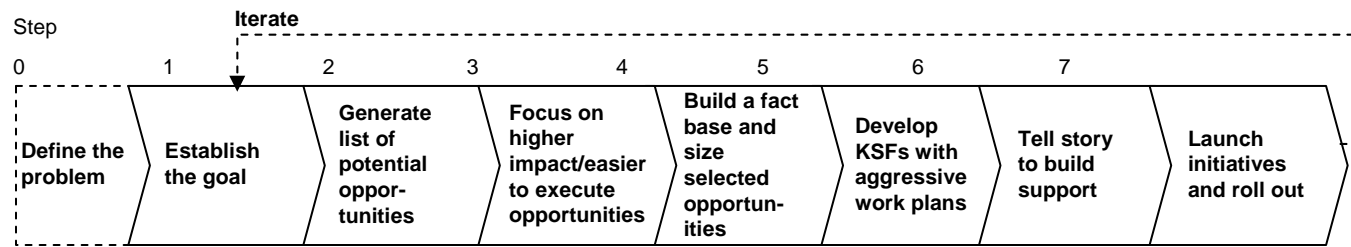


It is important to move quickly through each of the steps to allow time to execute and iterate. The learning is in the doing.

## PROBLEM SOLVING TIMING

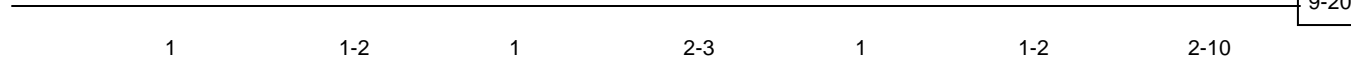
ILLUSTRATIVE

Speed is of the essence . . .



Example of required time frame

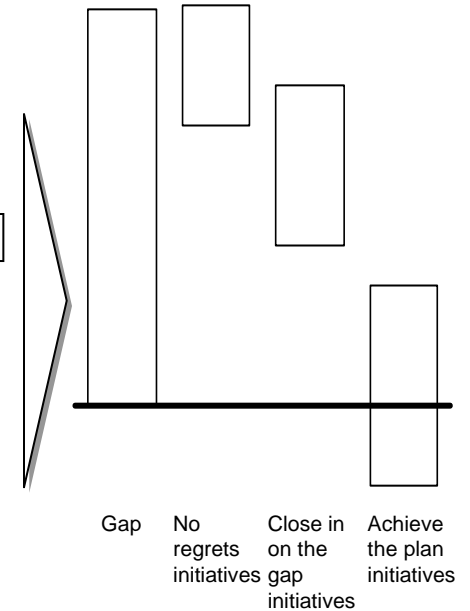
Calendar weeks\*



Common timing pitfalls

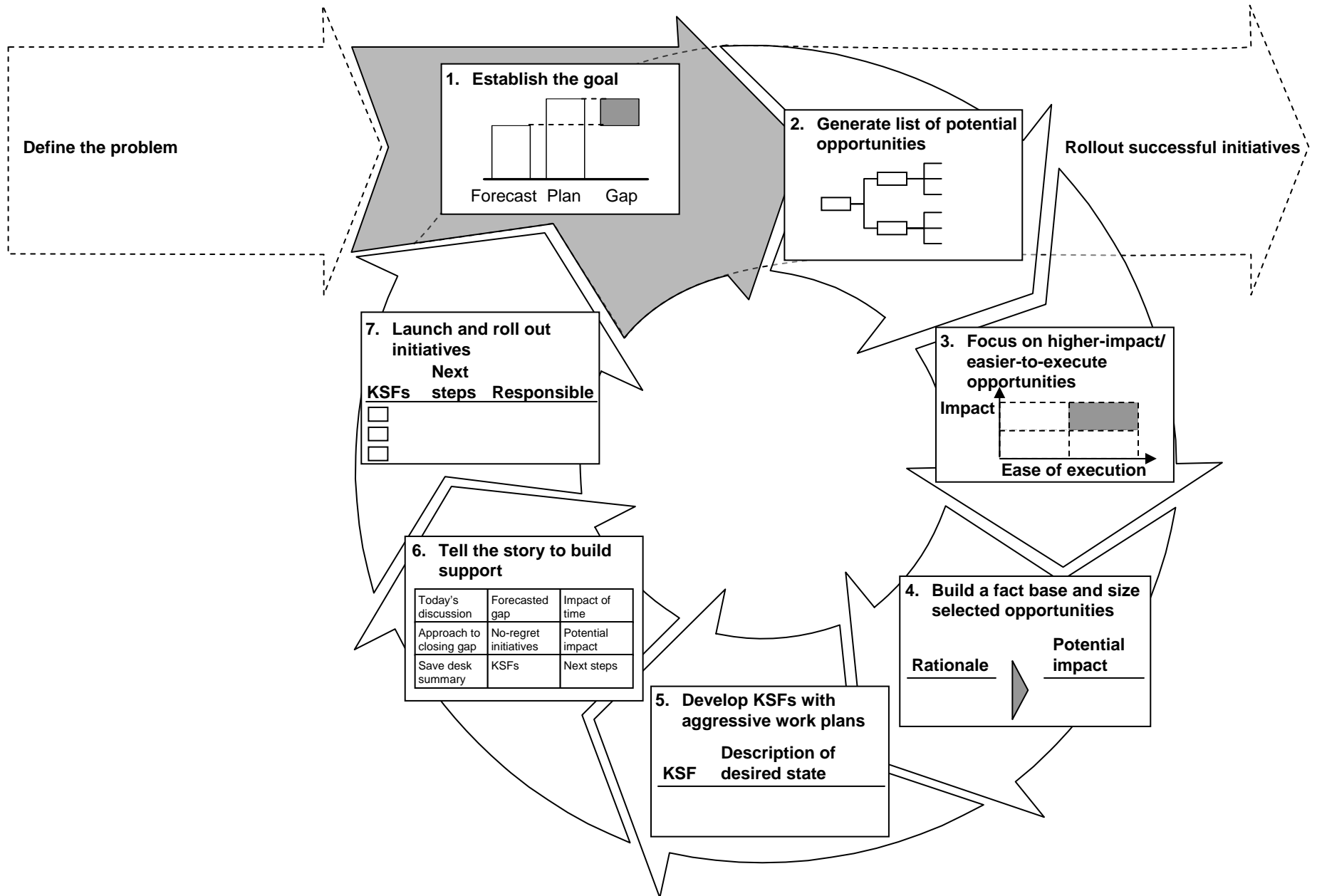
Not enough time spent selecting measurable metrics, leading to inability to measure success/failure of initiative	Too much time spent in brainstorming phase without quickly moving to prioritizing phase	Not enough time spent prioritizing leading to suboptimal selection of initiatives	No time dedicated to researching key facts validating/ disproving assumptions	No time dedicated to researching key facts or validating/ disproving assumptions	Not enough time spent to obtain buy-in from stakeholders	Too much time spent waiting for roadblocks to be removed rather than pushing roadblocks up to senior management to resolve
---	---	---	---	--	--	--

. . . to allow time to iterate

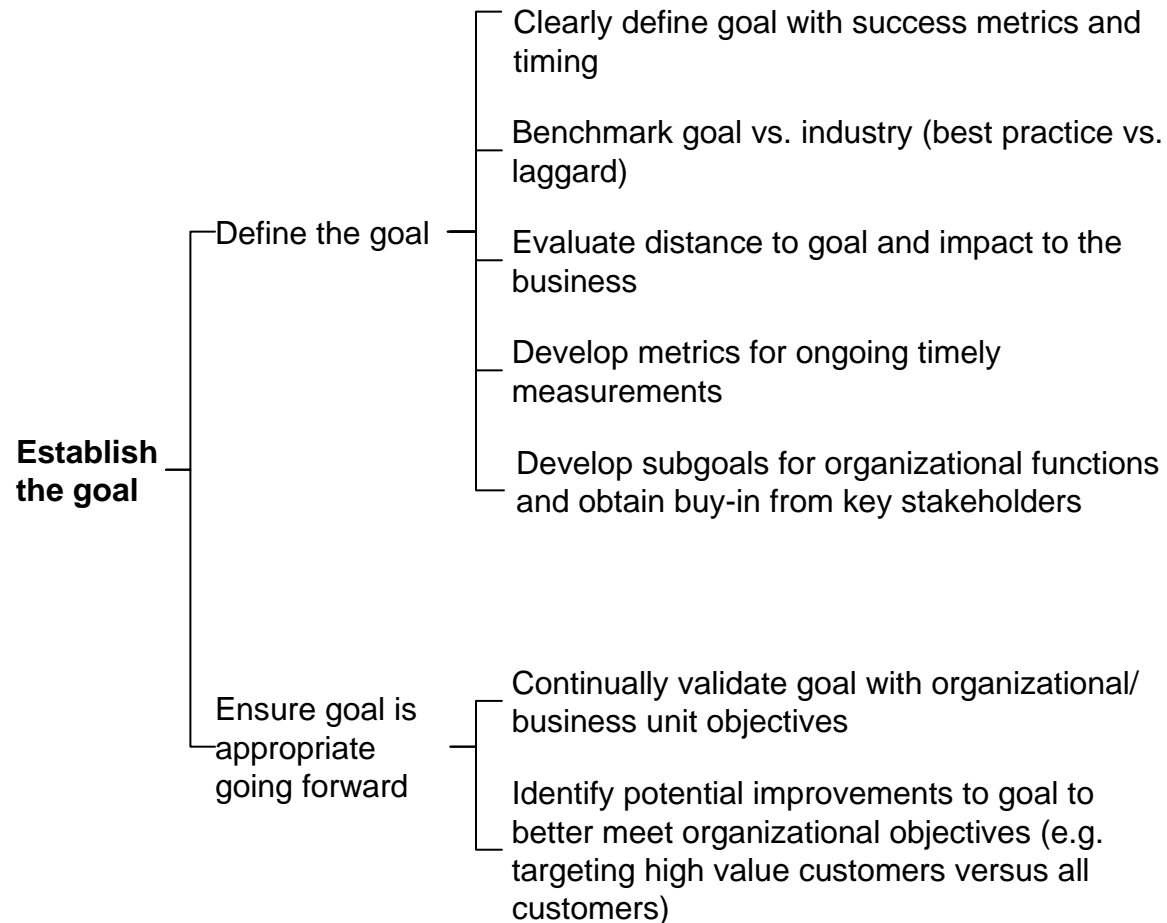


\* Certain steps may need to be implemented in parallel

# 7 STEPS TO DEFINING AND INITIATING ACTION



## STEP 1 – ESTABLISH THE GOAL

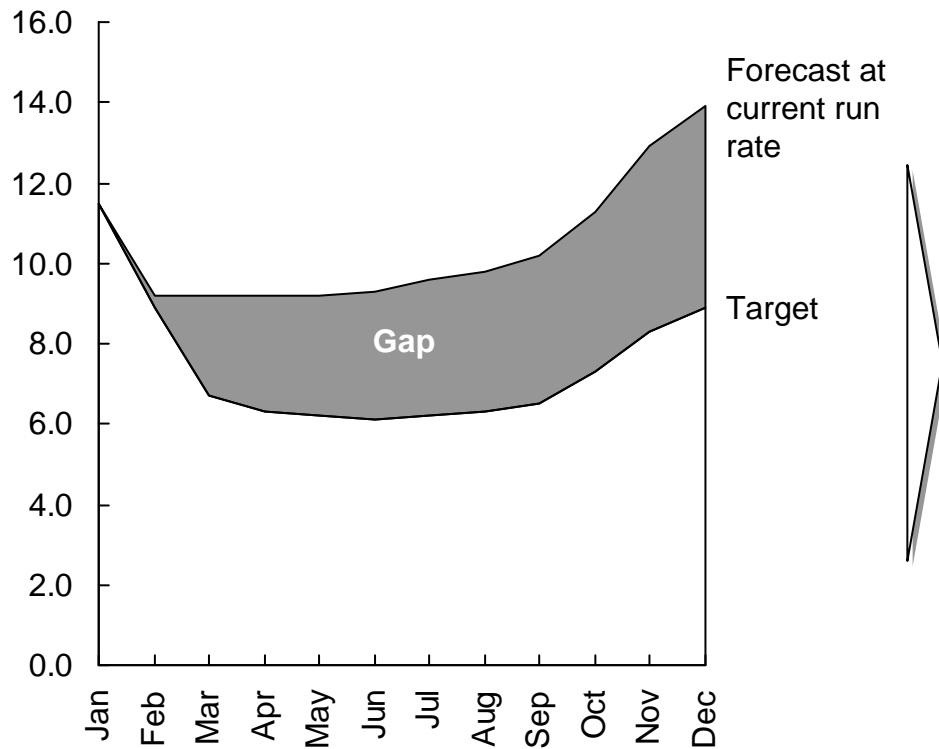


A gap is generated when the forecasted performance will not meet the target.

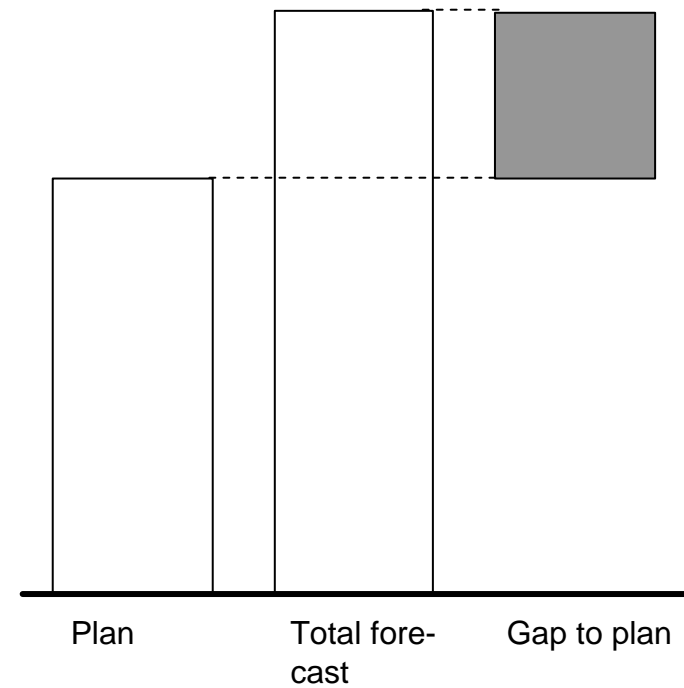
## FORECASTED GAP\*

ILLUSTRATIVE

Current run rate . . .



. . . generates a gap to target



\* In this example, gap results from the forecast being higher than the plan – e.g., expenses, customers lost, staff turnover, sales

In typical gap situations, if action is not taken immediately, significant catch-up is later required.

---

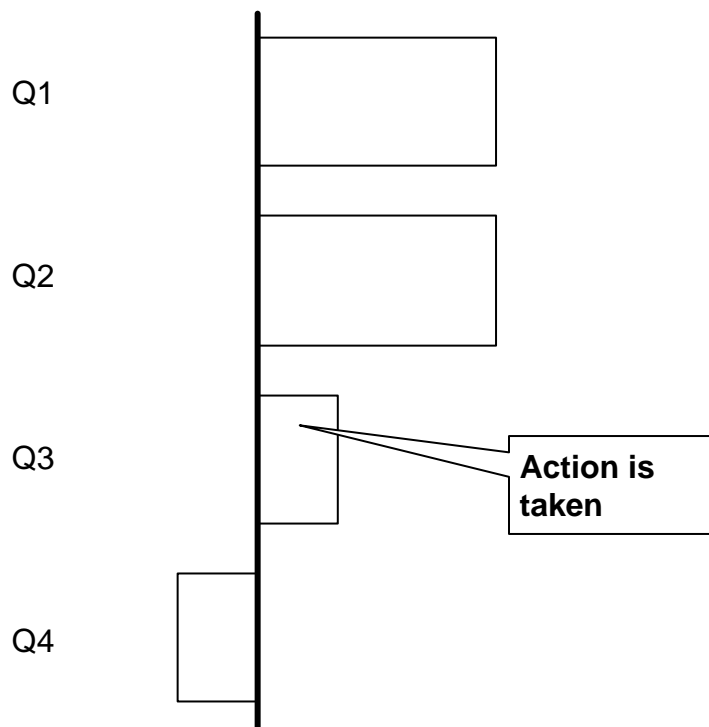
## IMPACT OF TIME ON CLOSING GAP

ILLUSTRATIVE

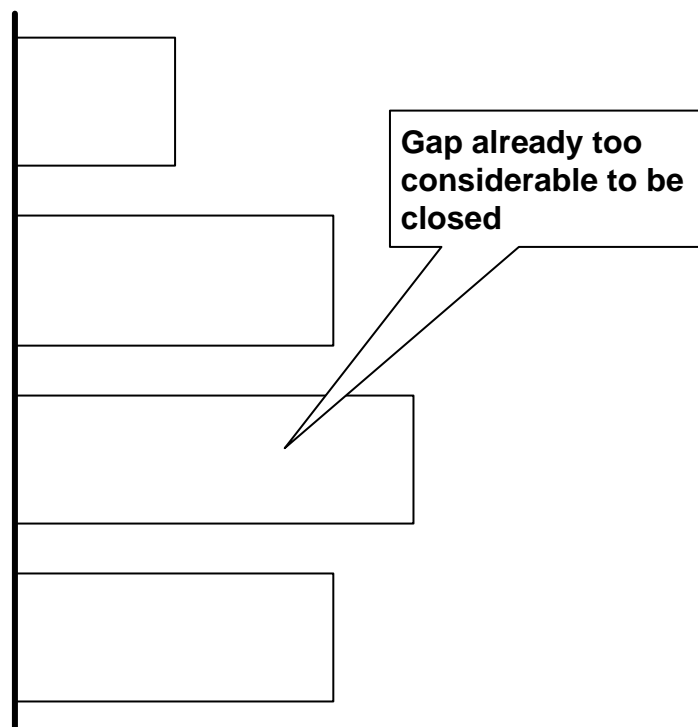
The longer the gap goes unaddressed . . .

. . . the greater the challenge

Actual quarterly gap



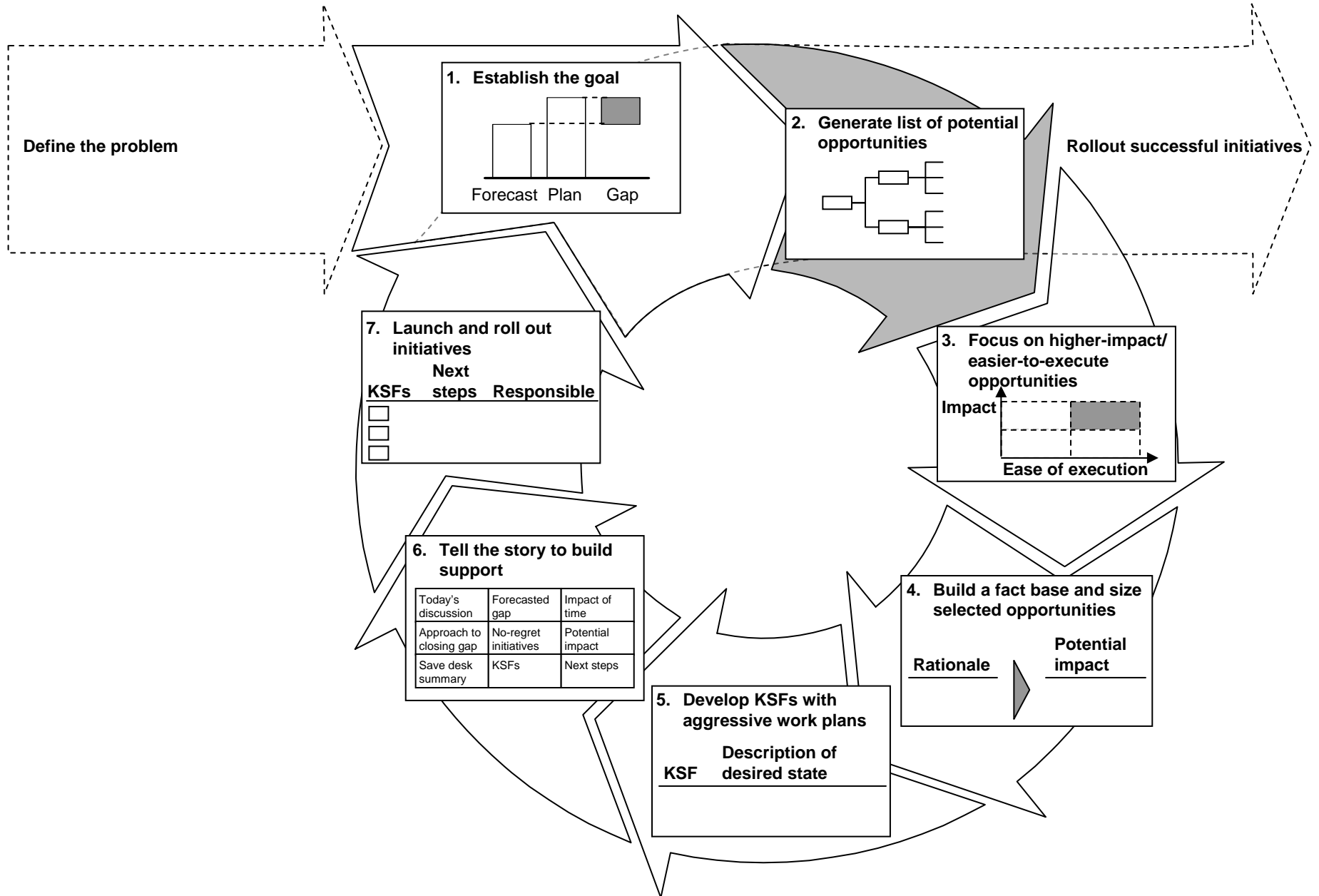
Cumulative gap



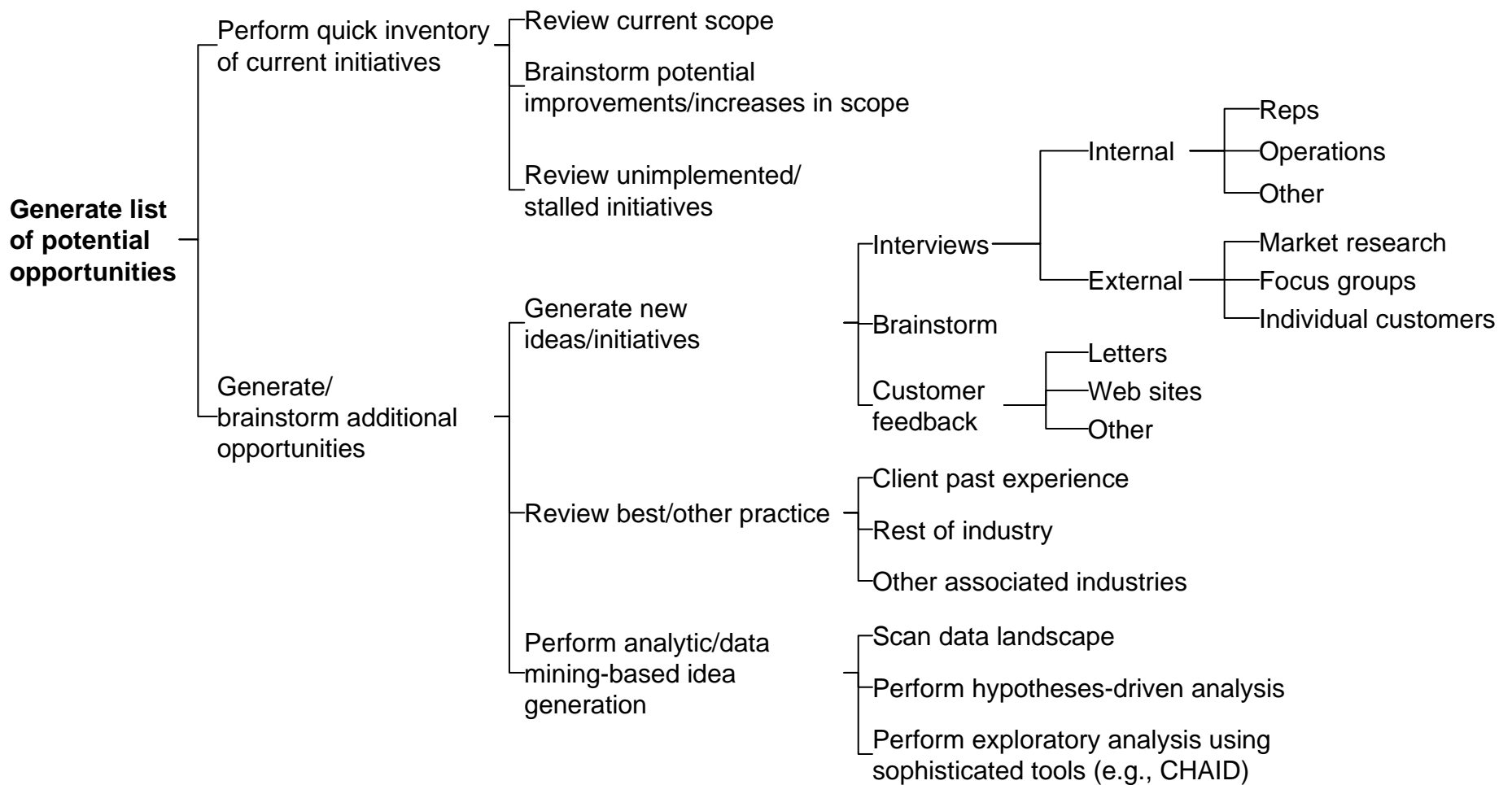
## STEP 1: ESTABLISH THE GOAL – COMMON PITFALLS



# 7 STEPS TO DEFINING AND INITIATING ACTION



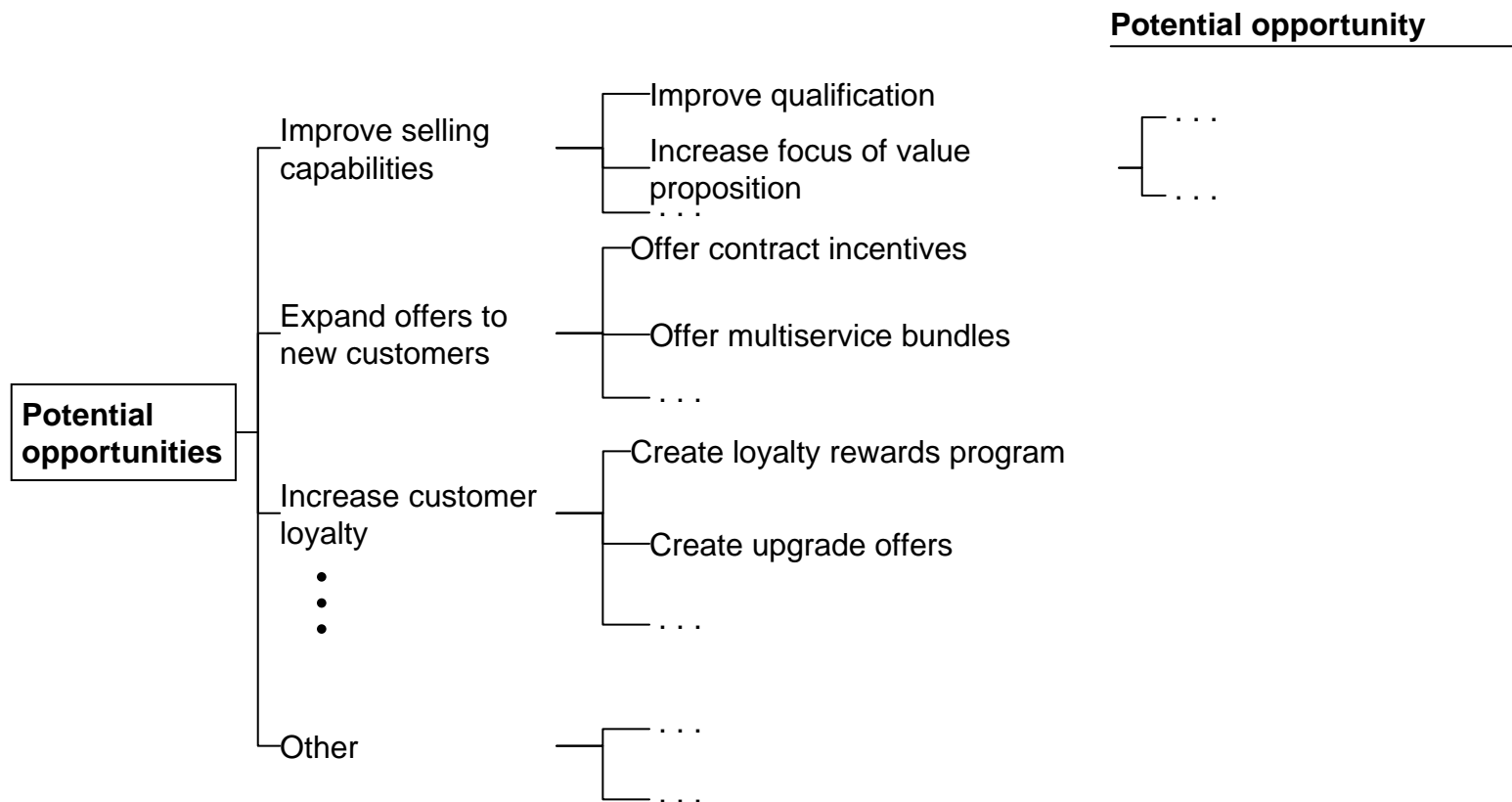
## STEP 2 – GENERATE LIST OF POTENTIAL OPPORTUNITIES



One method for developing a list of opportunities is to create a tree, striving to be mutually exclusive and collectively exhaustive (MECE).

---

### EXAMPLE OF TREE TO ASSIST IN IDEA GENERATION



Team brainstorming sessions are useful at this stage, but they require ground rules.

---


## **BRAINSTORMING GROUND RULES**

EXAMPLE

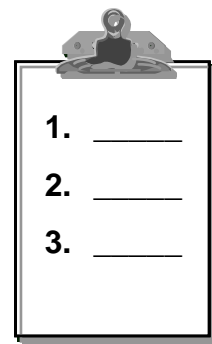
<b>Today's discussion is about this . . .</b>	<b>Not this . . .</b>
<ul style="list-style-type: none"><li>• Thinking out of the box</li><li>• Generating the maximum number of ideas in the shortest time possible</li><li>• Building on each other's ideas for maximum impact</li><li>• Applying a filter of pragmatism/reality</li><li>• Building team consensus on high impact/easy to execute initiatives</li></ul>	<ul style="list-style-type: none"><li>• BCG (bashing, complaining, and groaning)</li><li>• Eliminating/discarding ideas before we have sized them</li><li>• Spending too much time on a limited set of ideas (getting derailed)</li><li>• Adopting a negative approach (e.g., "that must be impossible")</li></ul>

Brainstorming becomes most effective when the team builds consensus around impact potential and ease of execution for each opportunity.

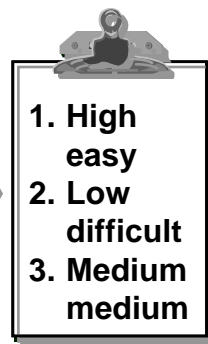
## BRAINSTORMING BEST PRACTICES

 Critical for success

### During the session



Record all ideas on flip charts

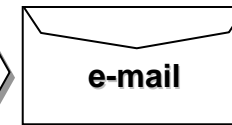


Vote on ideas at the end of the session to determine potential impact/ease of execution

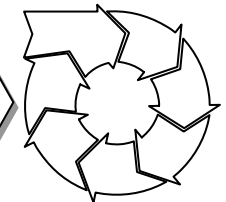
### After the session



Record all ideas from flip charts for consolidation and sorting



Follow up on all ideas, and get feedback from all participants



Do it again

It is therefore important to consolidate top opportunities into a sorted list.

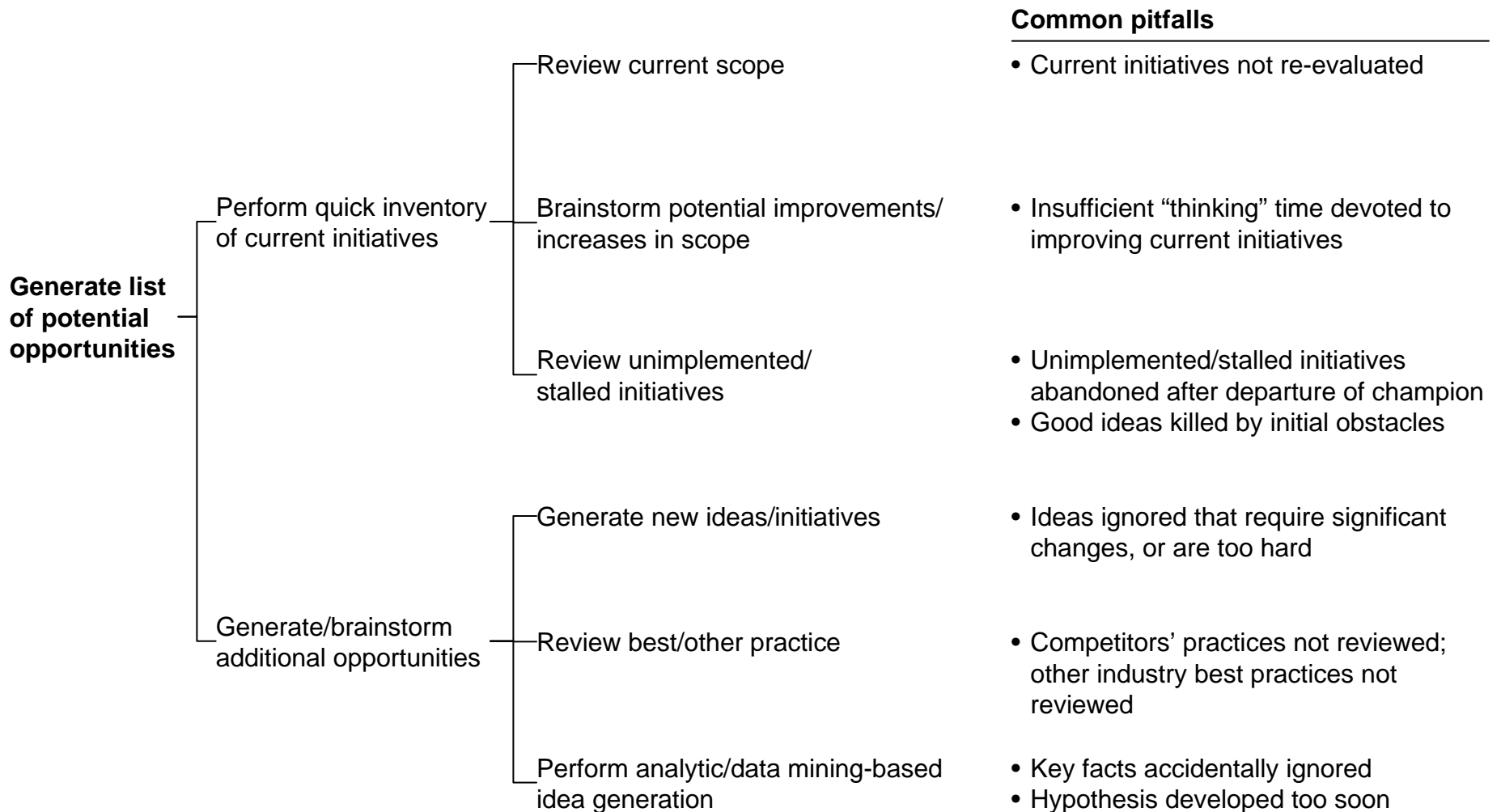
---

**SORTED LIST OF POTENTIAL OPPORTUNITIES**

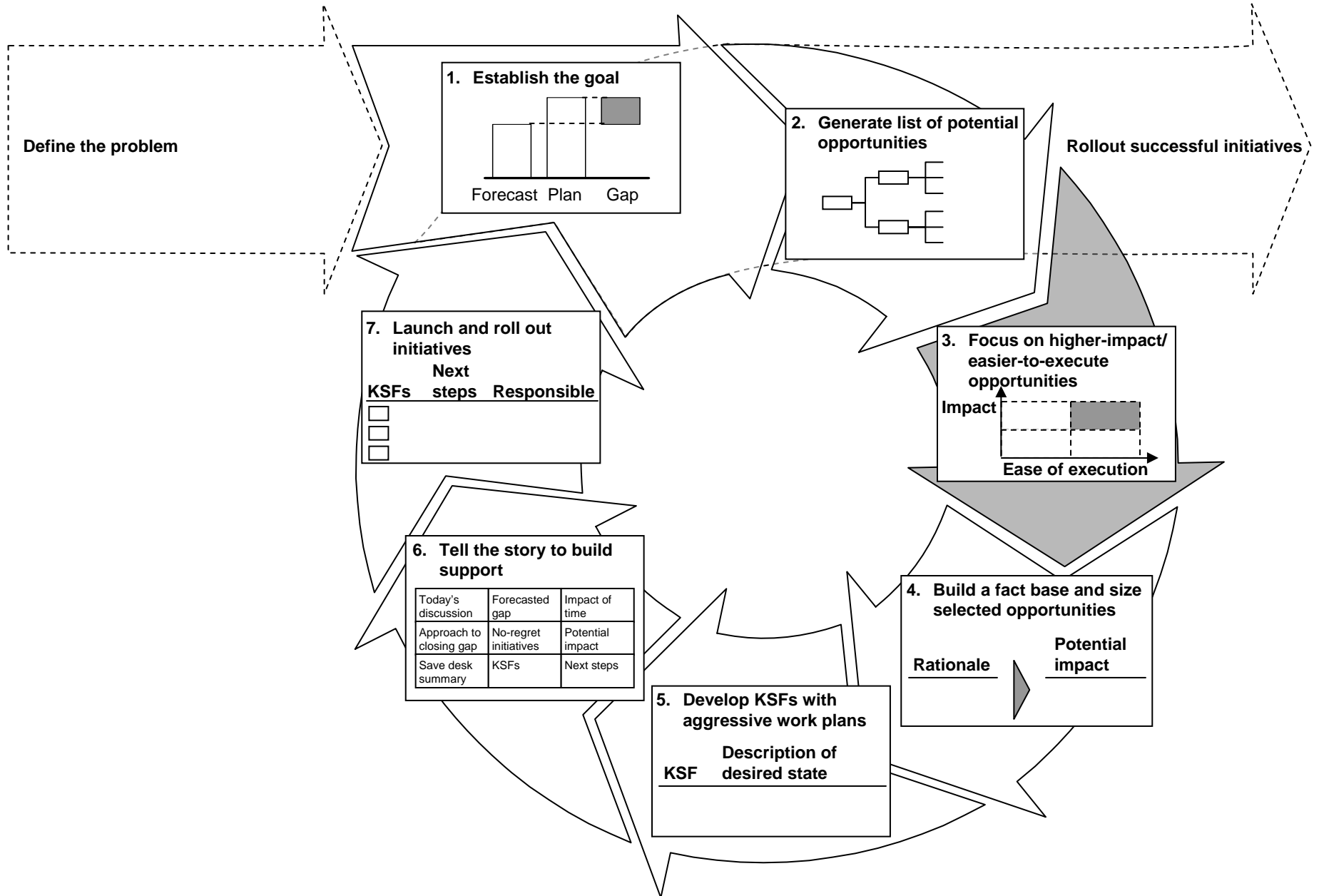
ILLUSTRATIVE

<b>Priority hypothesis</b>	<b>Potential impact</b>	<b>Ease of execution</b>	<b>Required analysis/ activities</b>	<b>Facts needed</b>	<b>Source</b>
1.	High	Easy			
2.	Medium	Easy			
3.	High	Medium			
4.	Medium	Medium			
5.	High	Difficult			
6.	Medium	Difficult			

## STEP 2 – GENERATE LIST OF POTENTIAL OPPORTUNITIES – COMMON PITFALLS



# 7 STEPS TO DEFINING AND INITIATING ACTION



Initiatives can be classified by their potential impact and their ease of execution.

### STEP 3 – FOCUS ON HIGHER-IMPACT/EASIER-TO-EXECUTE OPPORTUNITIES

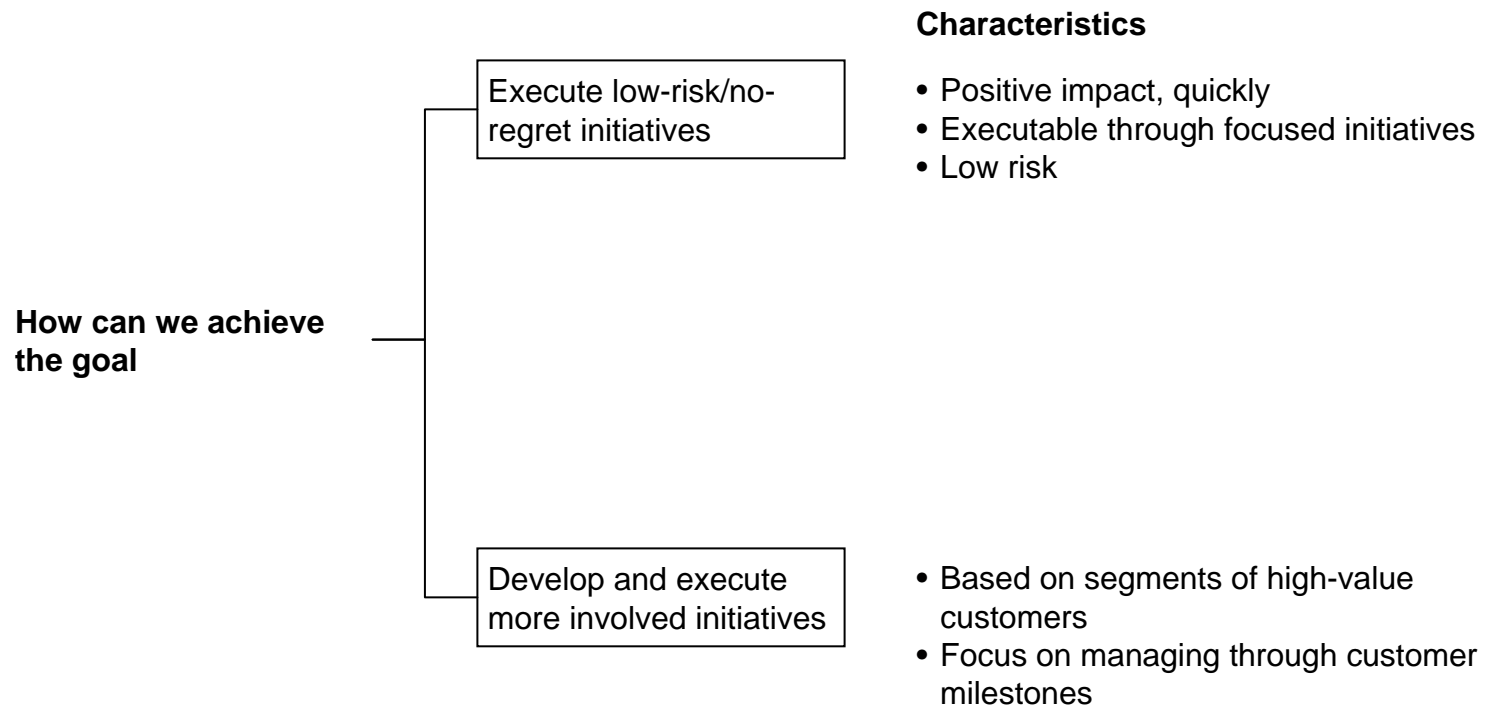
*ILLUSTRATIVE*



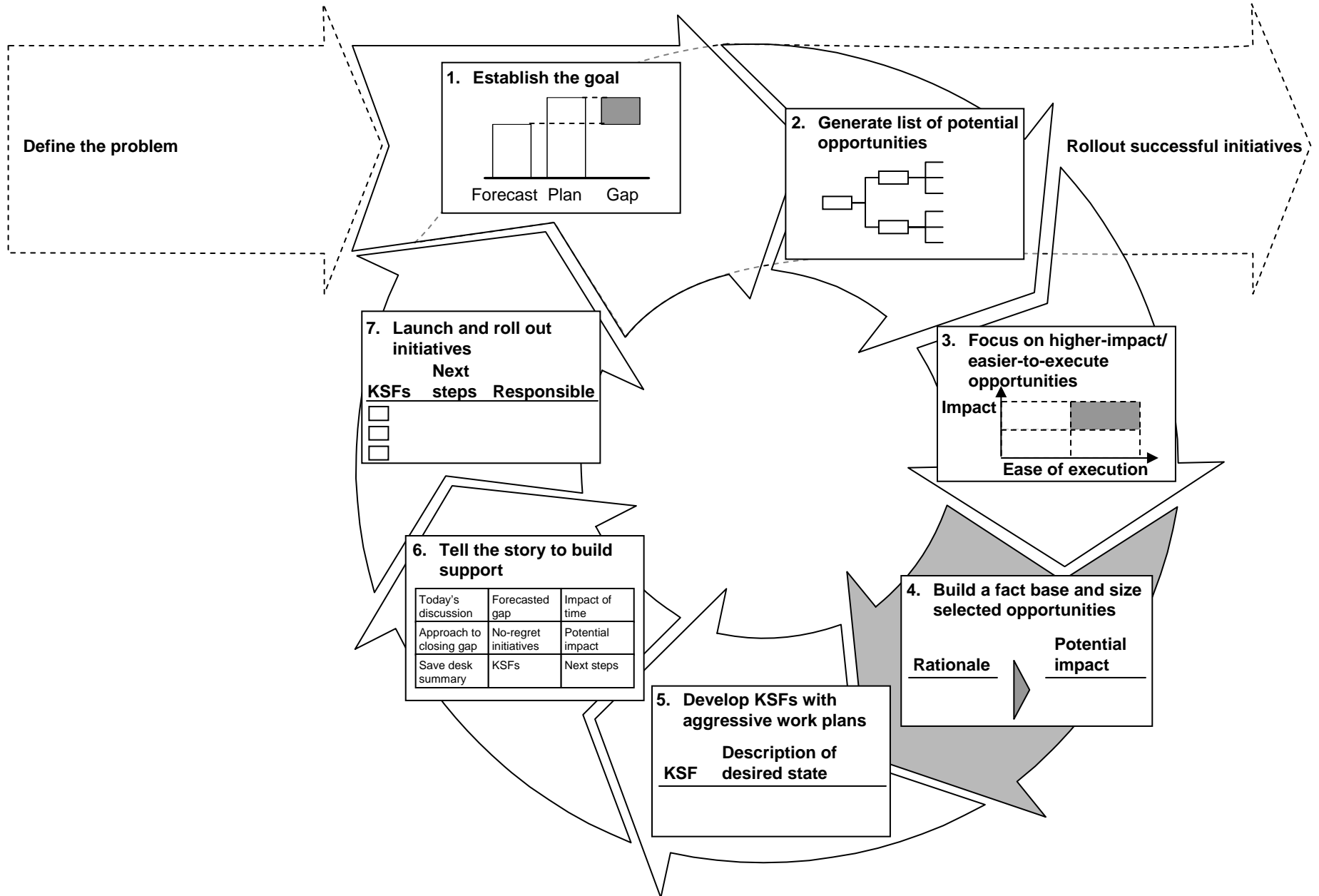
It can be tremendously helpful to break potential opportunities into no-regrets and more-involved initiatives.

---

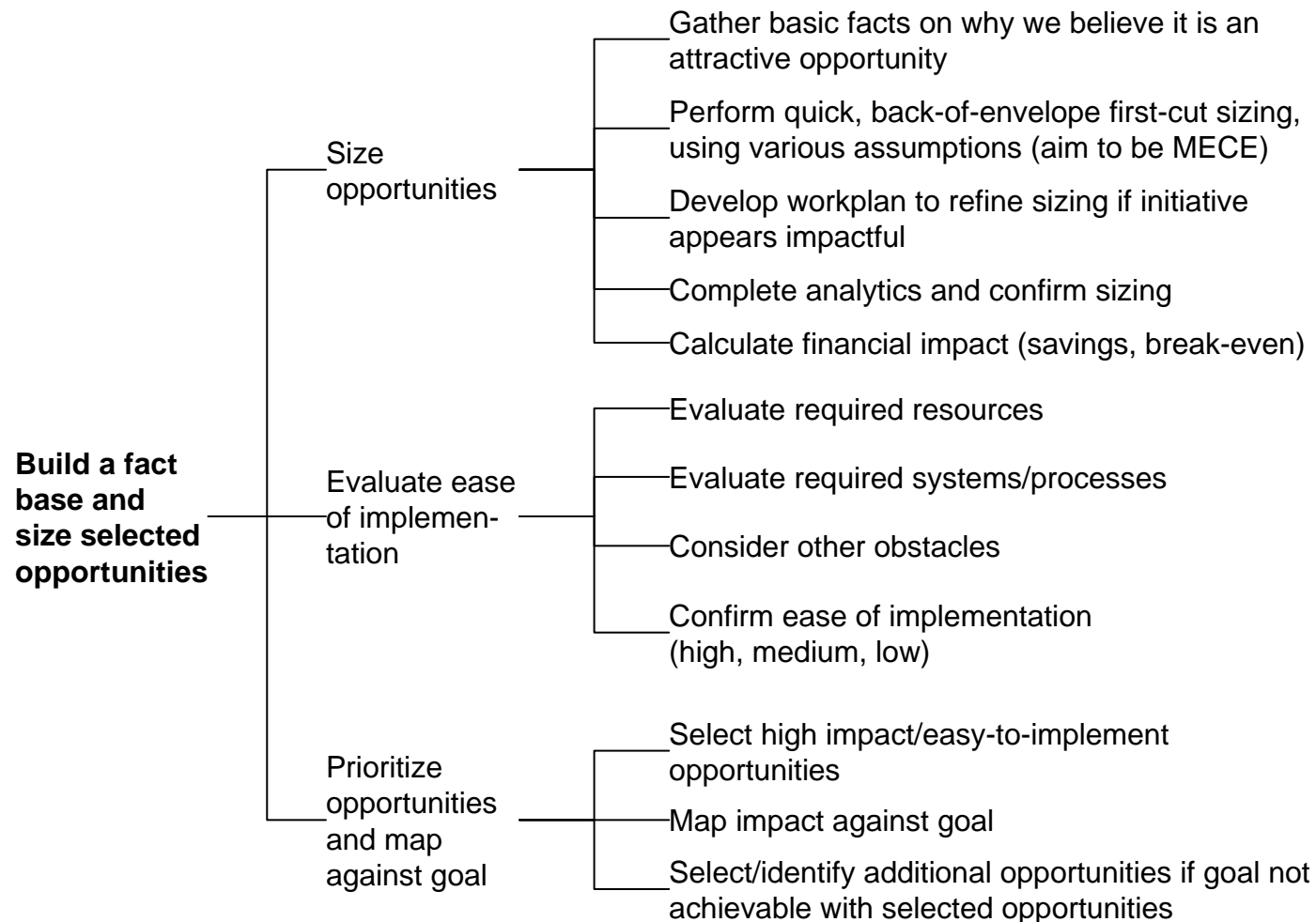
## TYPICAL WAVES OF ACTIVITIES



# 7 STEPS TO DEFINING AND INITIATING ACTION



## STEP 4 – BUILD A FACT BASE AND SIZE SELECTED OPPORTUNITIES



Rigorous hypotheses-driven workplans can be used to track the data gathering effort to size and build a fact base for multiple initiatives.

---

**WORK PLAN FOR WEEK OF 1/10**

ILLUSTRATIVE

<b>Initiative</b>	<b>Hypothesis</b>	<b>Analysis</b>	<b>Data source</b>	<b>Responsibility</b>	<b>Timing</b>
<b>No regrets</b>					
1.					
2.					
3.					
4.					
<b>More involved</b>					
1.					
2.					
3.					
4.					

A rationale, or fact base, should be built for each initiative.

---

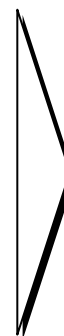
## RATIONALE FOR SAVE DESK INITIATIVE

*CUSTOMER RETENTION  
EXAMPLE*

---

### Why we believe this could be an opportunity

- Save performance (number of saves per disconnect calls) varies greatly by rep (from 5% for bottom 10 reps to 40% for top 10 reps)
- All disconnects are handled at customer care, supporting focused improvement
- Reps currently are not focused on saving customers and do not use standardized scripts, nor “words that work”



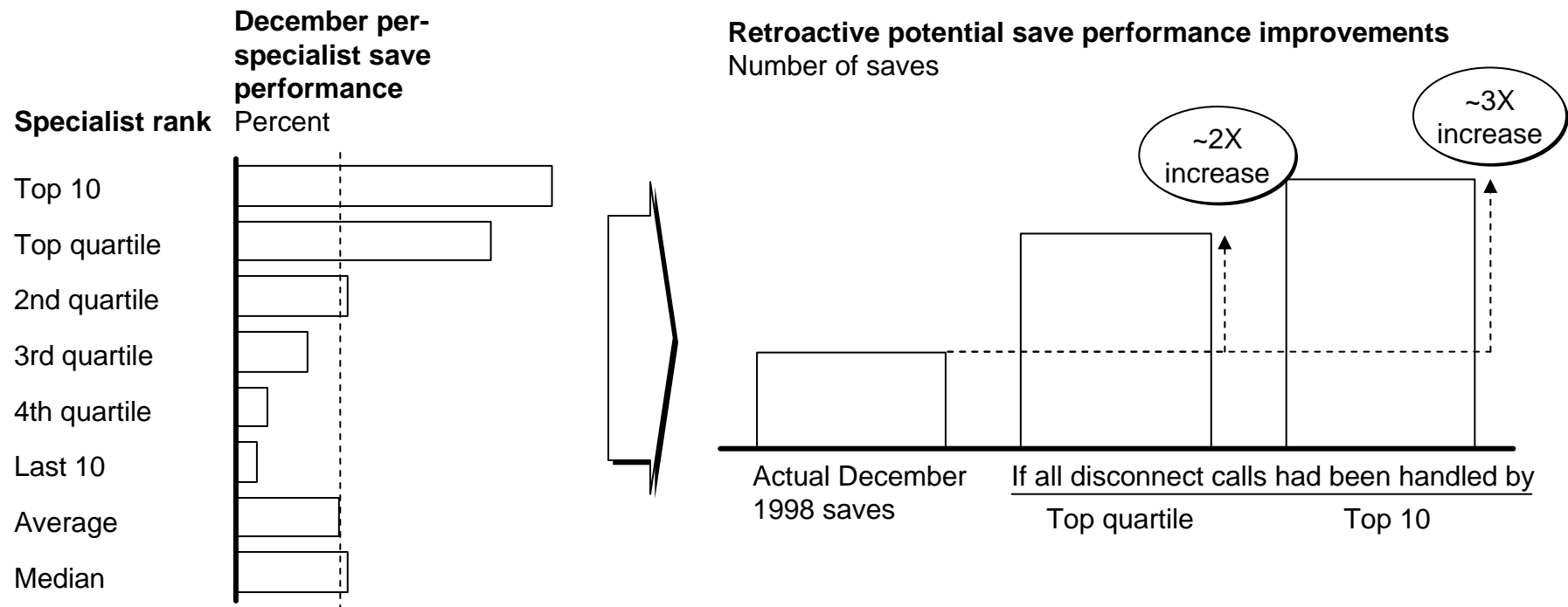
### Potential impact

- 20,000-25,000 subscribers saved in 1999
- \$20 million margin impact in 1999

Existing data should be used to perform rough-cut sizing. In this example, rep performance variability is used to justify potential improvements.

## IMPACT OF SAVE INITIATIVE

CUSTOMER RETENTION  
EXAMPLE



Even when sizing is difficult, a quick break-even analysis -- using a few logical assumptions and showing a low breakeven point -- can be sufficient to make a decision.

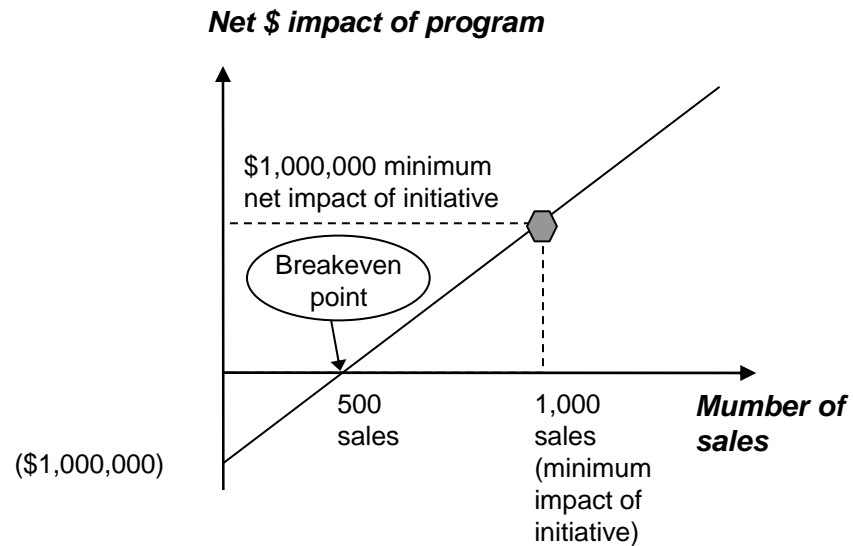
**THE BREAK EVEN NUMBER OF SALES FOR THE INITIATIVE IS MUCH LOWER THAN MOST PESSIMISTIC SCENARIO**

EXAMPLE

**Key assumptions**

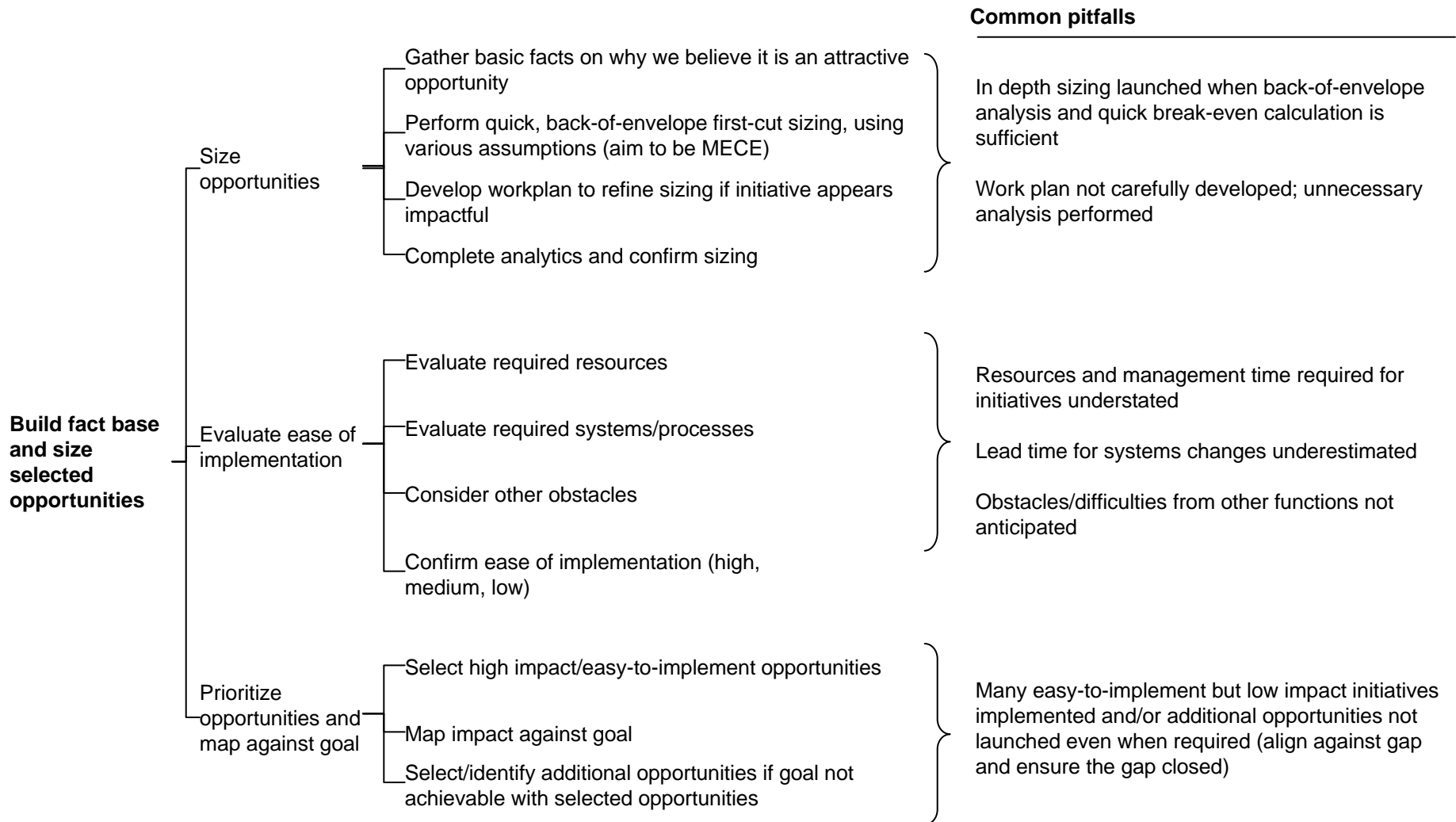
- Fixed cost of initiative is \$1,000,000
- Variable cost per sale is \$1,000
- Projected average sales price is \$3,000
- Most pessimistic scenario from Marketing is 1,000 sales

**BREAKEVEN ANALYSIS**

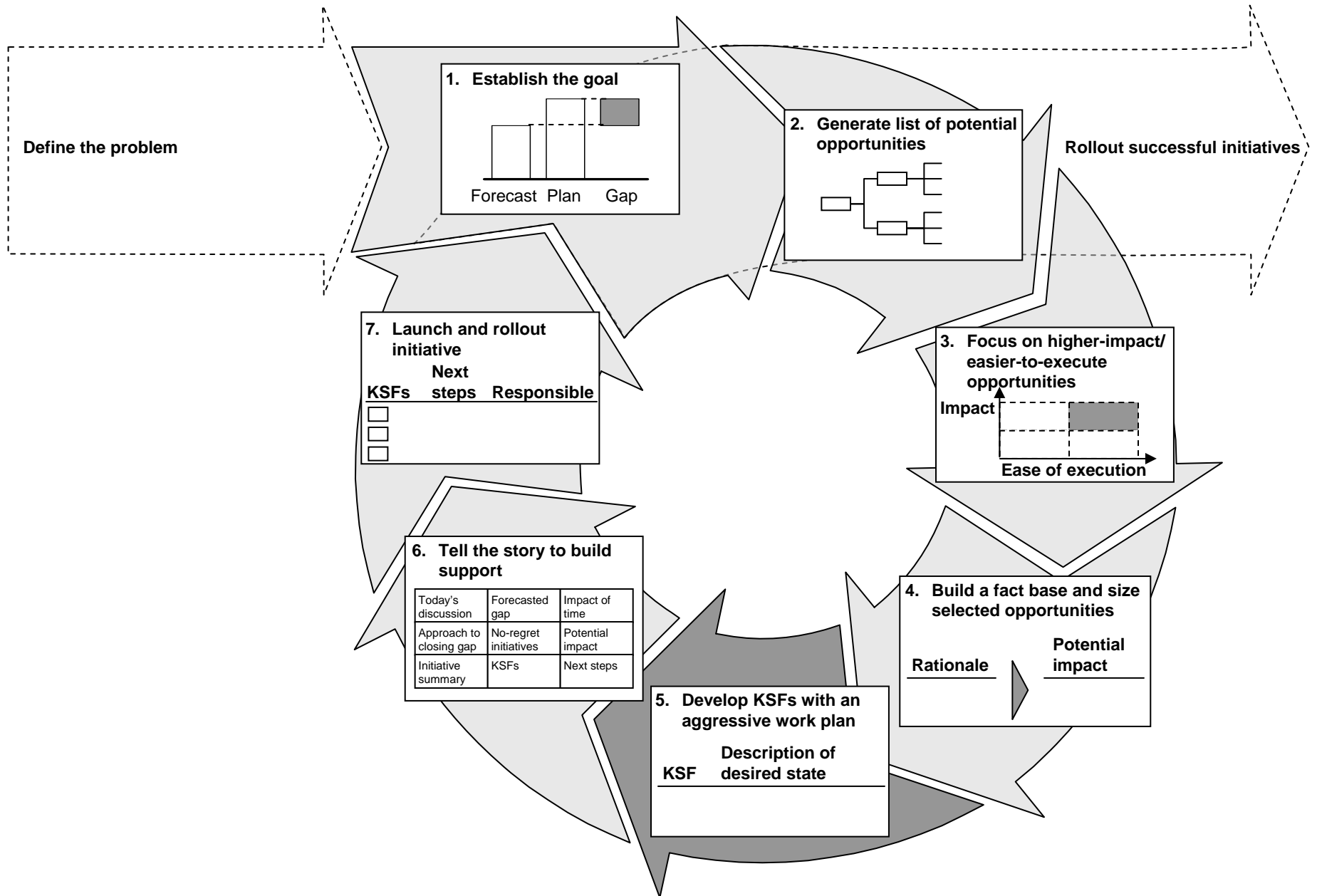


Source: Marketing; team analysis

## STEP 4 – BUILD FACT BASE AND SIZE SELECTED OPPORTUNITIES

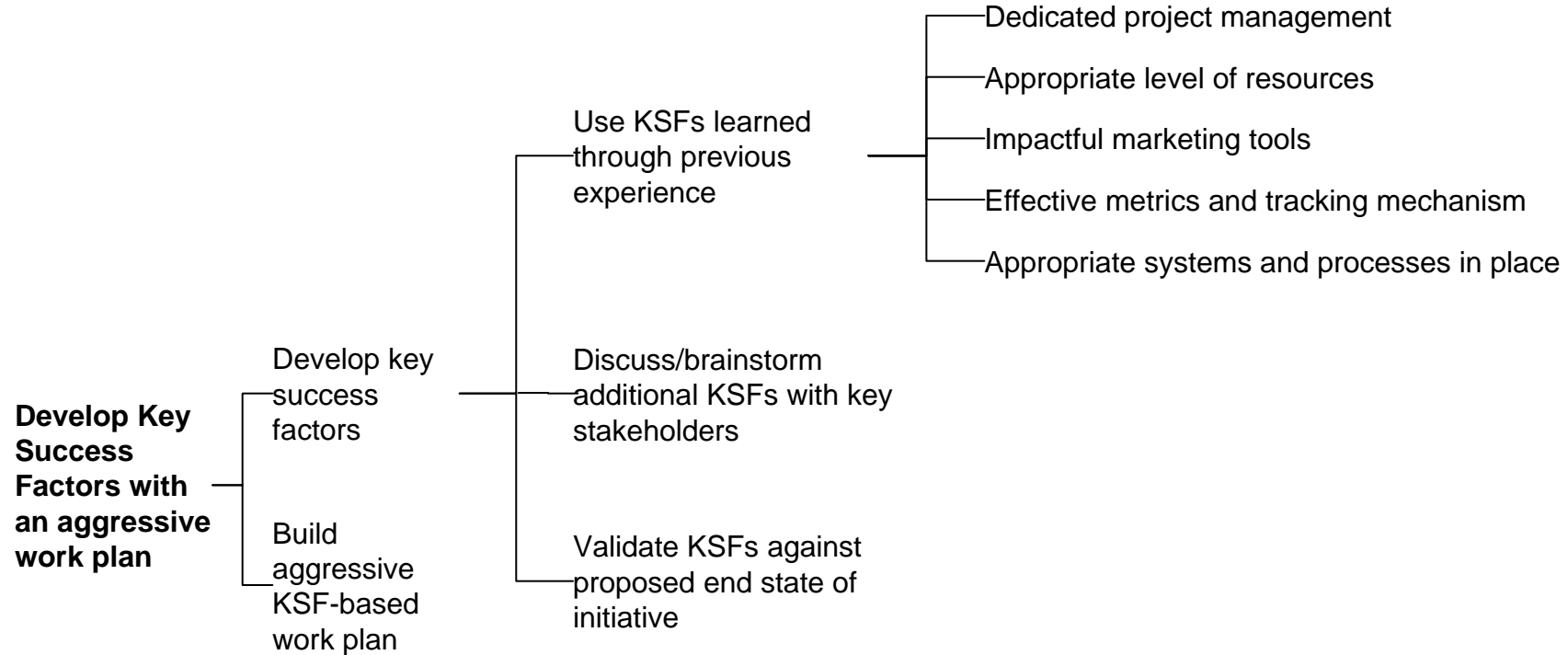


# 7 STEPS TO DEFINING AND INITIATING ACTION



## STEP 5 – DEVELOP KEY SUCCESS FACTORS WITH AN AGGRESSIVE WORK PLAN


ILLUSTRATIVE



It is crucial to develop a set of key success factors for each initiative.

---

## KEY SUCCESS FACTOR PRINCIPLES

What is a KSF?	Why are they important?	Checklist for good KSFs	
<ul style="list-style-type: none"> <li>• Key success factors are the required ingredients for a successful initiative</li> <li>• Typical KSF categories               <ul style="list-style-type: none"> <li>– Project management</li> <li>– Process</li> <li>– Systems</li> <li>– Marketing tools</li> <li>– Key metrics</li> <li>– Resourcing and staffing</li> <li>– Training</li> <li>– Incentives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Serve as a framework for up-front thinking</li> <li>• Provide a project management process               <ul style="list-style-type: none"> <li>– KSFs are assigned to individuals</li> <li>– Scheduling of project is driven by KSF-based milestones</li> <li>– Common reference framework to ensure nothing falls through the cracks</li> </ul> </li> <li>• Serve as a common platform for stakeholders, upward and team communications</li> </ul>	<ul style="list-style-type: none"> <li>✓ Clear description of desired end state</li> <li>✓ Specific and actionable</li> <li>✓ Measureable</li> <li>✓ MECE</li> <li>✓ Parallel structure</li> <li>✓ Assignable to individuals</li> </ul>	 <p>Experience shows that the use of KSF-based management increases the probability of success</p>

Key success factors for each initiative need to be exhaustive and specific. Experience indicates that initiatives launched without prior generation of a complete list of KSFs have a higher failure rate.

<b>KEY SUCCESS FACTORS FOR FRAUD PREVENTION INITIATIVE</b>		<i>CUSTOMER RETENTION EXAMPLE</i>
<b>KSF</b>	<b>Description of desired state</b>	
<b>Appropriate level of staffing</b>	<ul style="list-style-type: none"> <li>• Adequate number of resources and skill level of resources</li> </ul>	
<b>Dedicated project management</b>	<ul style="list-style-type: none"> <li>• Dedicate project manager               <ul style="list-style-type: none"> <li>– Enforcing timelines</li> <li>– Managing resources</li> </ul> </li> <li>– Implementing continuous improvement</li> <li>– Monitoring results</li> </ul>	
<b>Key stakeholders engaged</b>	<ul style="list-style-type: none"> <li>• Buy-in from key stakeholders (channels, finance, marketing, systems, etc.) secured</li> </ul>	
<b>Impactful triggers identified</b>	<ul style="list-style-type: none"> <li>• Triggers rapidly verifiable by fraud/credit desk agent</li> <li>• Triggers truly identifying fraud/credit policy nonadherence</li> </ul>	
<b>Effective process in place</b>	<ul style="list-style-type: none"> <li>• Clear process to filter accounts, audit accounts, and identify accounts requiring action</li> </ul>	
<b>Corrective actions identified</b>	<ul style="list-style-type: none"> <li>• Tree of specific actions to be taken on fraudulent/incorrect accounts created and process to take action in place</li> </ul>	
<b>Required systems in place</b>	<ul style="list-style-type: none"> <li>• Temporary system in place to accelerate audit of accounts</li> <li>• Long-term systems change request launched to automate process</li> </ul>	
<b>Effective metrics and tracking mechanism</b>	<ul style="list-style-type: none"> <li>• Metrics and daily tracking mechanism to monitor impact on churn, fraud, credit policy application</li> </ul>	
<b>Legal approval</b>	<ul style="list-style-type: none"> <li>• Legal approval obtained to take action</li> </ul>	
<b>Targeted coaching and training</b>	<ul style="list-style-type: none"> <li>• Resources frequently coached/trained/updated on bread-practices fraud/credit audit techniques</li> </ul>	

For larger, multi-phase projects, it is useful to define the KSFs for each phase.

**KEY SUCCESS FACTORS FOR PHASE 1**

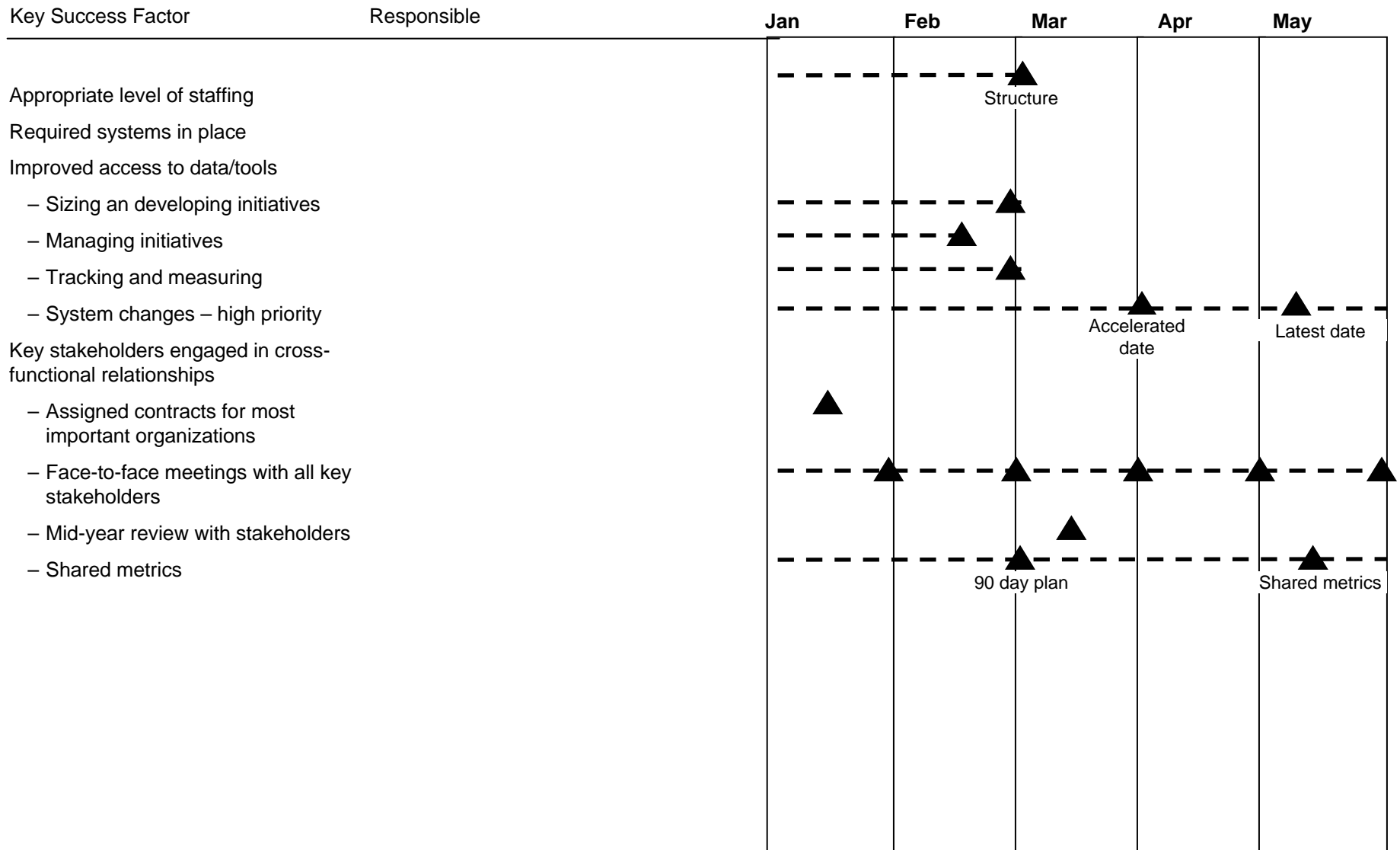
*CUSTOMER RETENTION  
EXAMPLE*

	<b>Key success factors</b>	<b>Phase 1 required end-state</b>
<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Launch fraud initiative with 2 or more reps, beginning with manual process</li> <li>• Implement automated filtering as it becomes available</li> </ul>	Dedicated project management	<ul style="list-style-type: none"> <li>• Full-time coach in place</li> <li>• 50% project manager in place</li> </ul>
	Key stakeholders engaged	<ul style="list-style-type: none"> <li>• Concept socialized with key stakeholders (finance, marketing, channels)</li> </ul>
	Impactful triggers identified	<ul style="list-style-type: none"> <li>• Fraud and credit triggers identified and available for reps</li> </ul>
	Filtering process in place	<ul style="list-style-type: none"> <li>• Orders filtered by high-churn reps and/or high-churn regions</li> <li>• Systems improvements launched to prefilter by fraud and credit triggers</li> </ul>
	Auditing process in place	<ul style="list-style-type: none"> <li>• Clean process and guidelines defined – what to look for and where to find it</li> </ul>
	Corrective actions identified	<ul style="list-style-type: none"> <li>• Clear specific actions and guidelines in place, including stopping/holding orders, calling customers, and providing rep feedback</li> </ul>
	Impact on revenues mitigated	<ul style="list-style-type: none"> <li>• No corrective action taken in “mild” cases</li> <li>• Impact on revenues closely monitored</li> </ul>
	Required systems in place	<ul style="list-style-type: none"> <li>• Requests in place to automate credit adherence and contain fraud triggers</li> <li>• Discussions launched to optimize audit process</li> </ul>

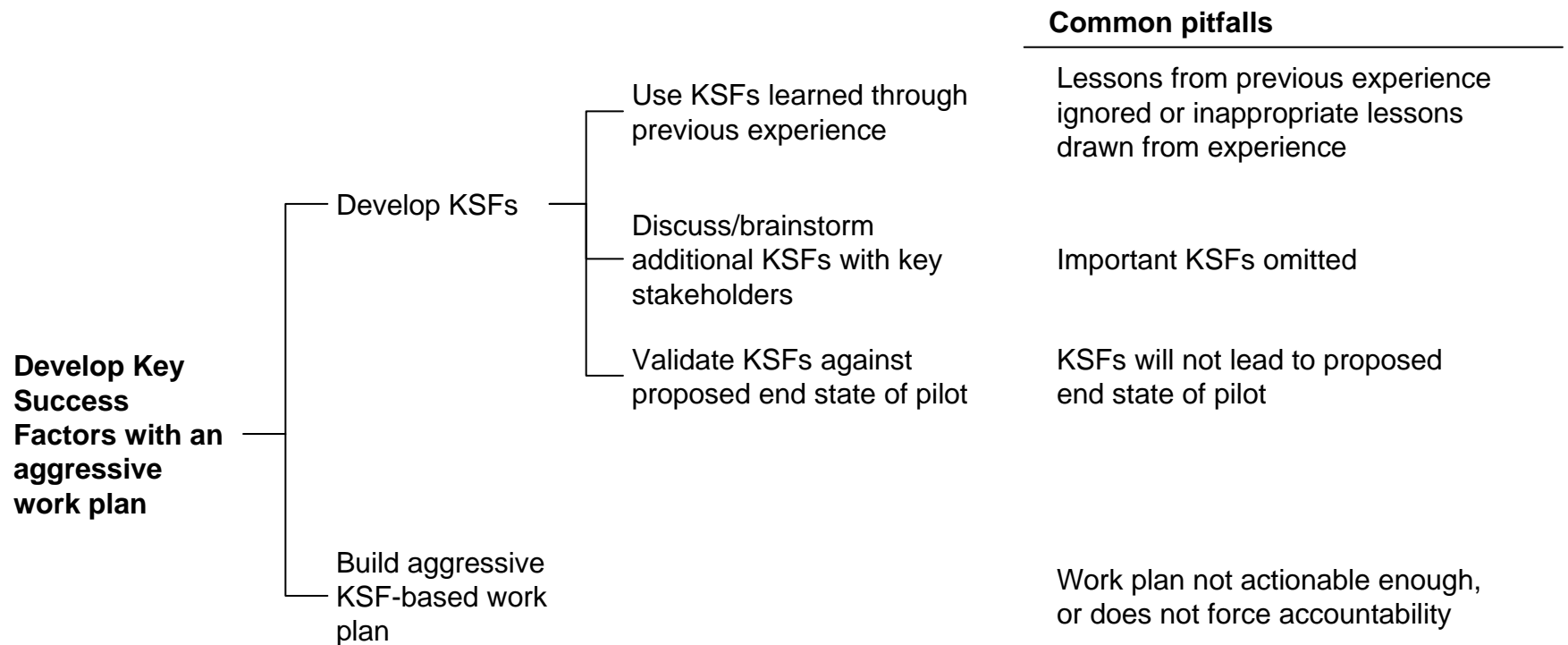
KSFs should be used as the basis for each initiative's workplan.

**SAMPLE KSF-BASED WORK PLAN**

*ILLUSTRATIVE*

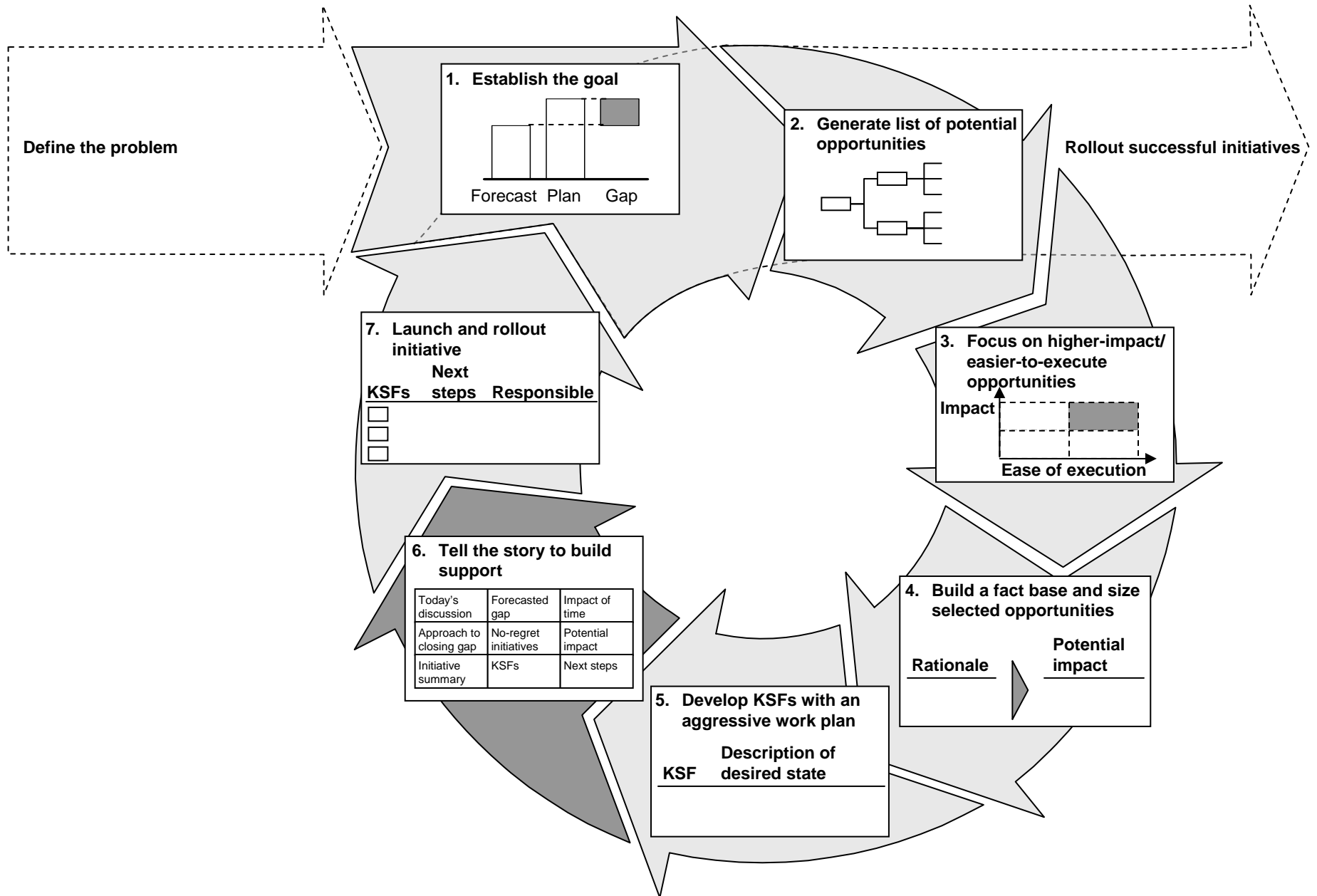


**STEP 5: DEVELOP KEY SUCCESS FACTORS WITH AN AGGRESSIVE WORK PLAN –  
COMMON PITFALLS**



Source: Team analysis

# 7 STEPS TO DEFINING AND INITIATING ACTION

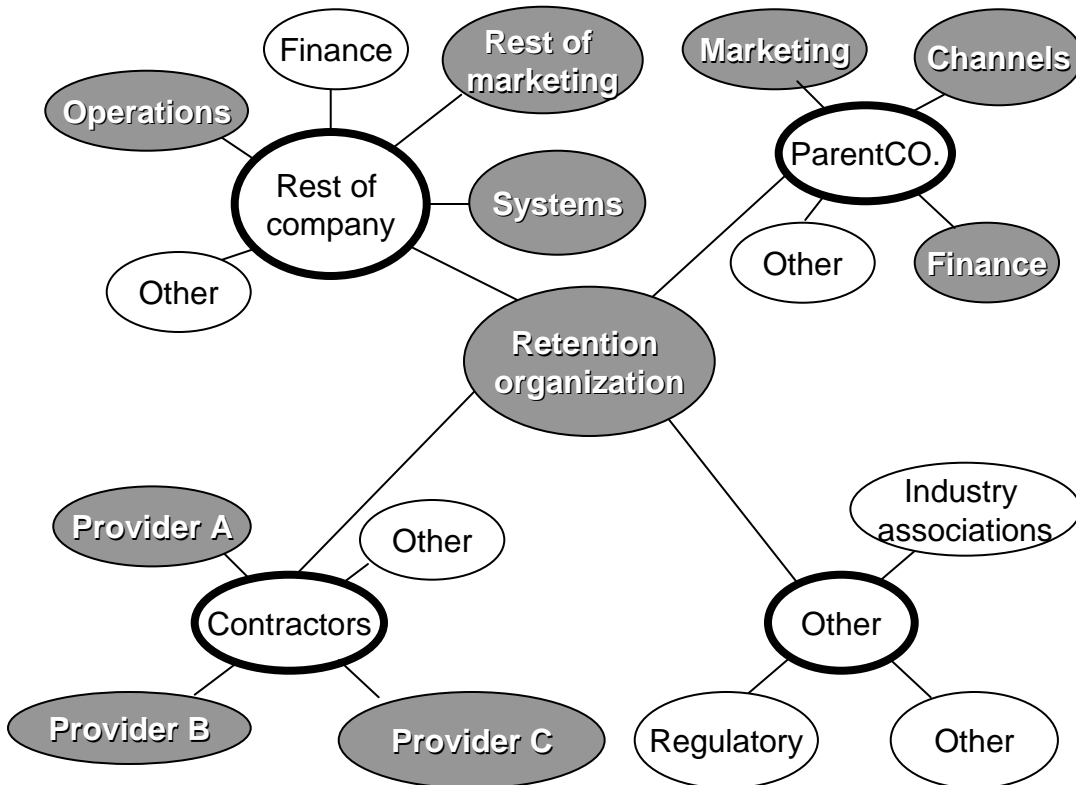


To successfully implement initiatives, support from other organizations is almost always needed

STEP 6 - TELL THE STORY TO BUILD SUPPORT

■ Most critical stakeholders

Implementation requires support from many stakeholders



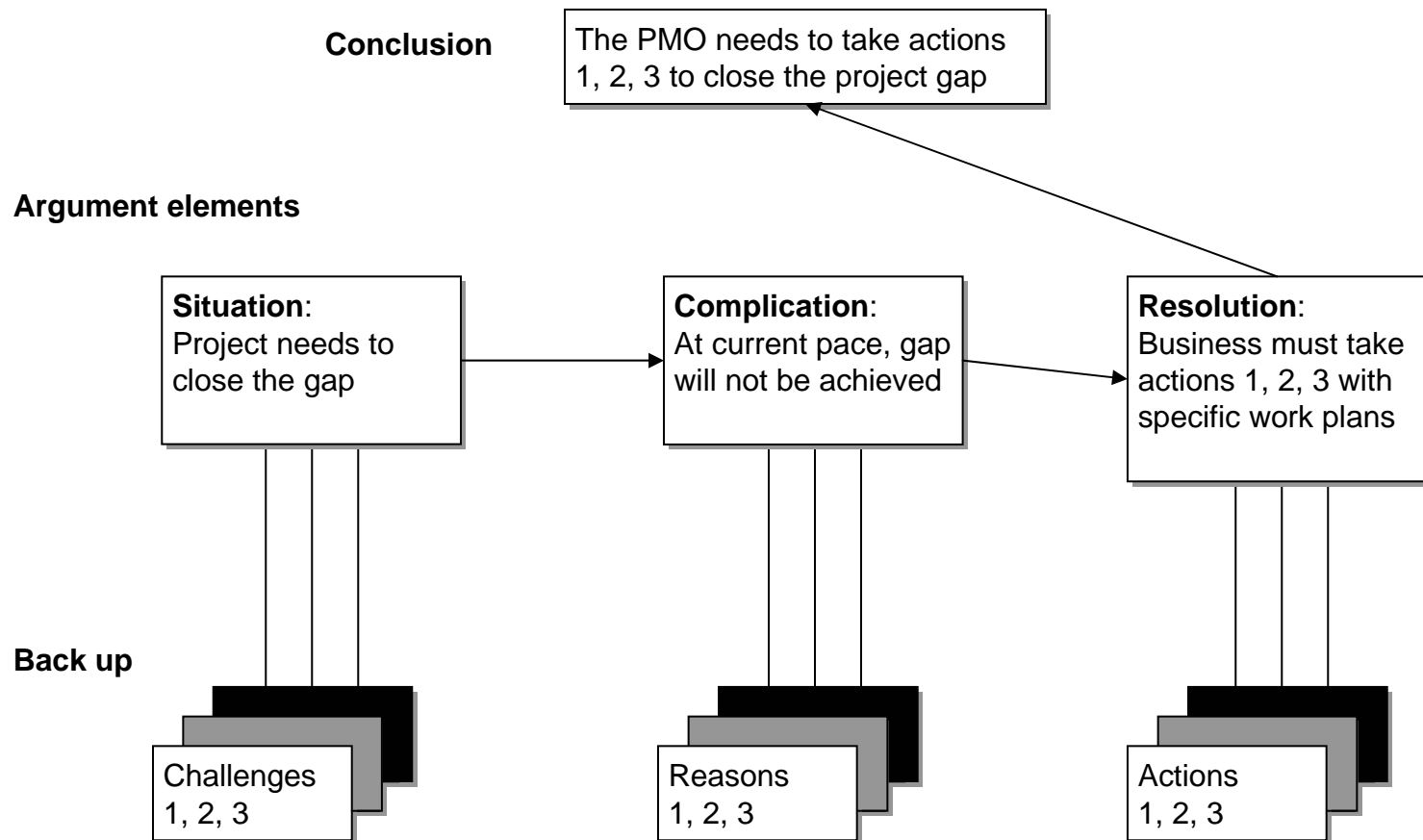
It is critical to secure buy-in from stakeholders

A compelling storyline explains the logic for action and helps to win support within the organization.

---

## TYPICAL STRUCTURE OF STORYLINE

*ILLUSTRATIVE*



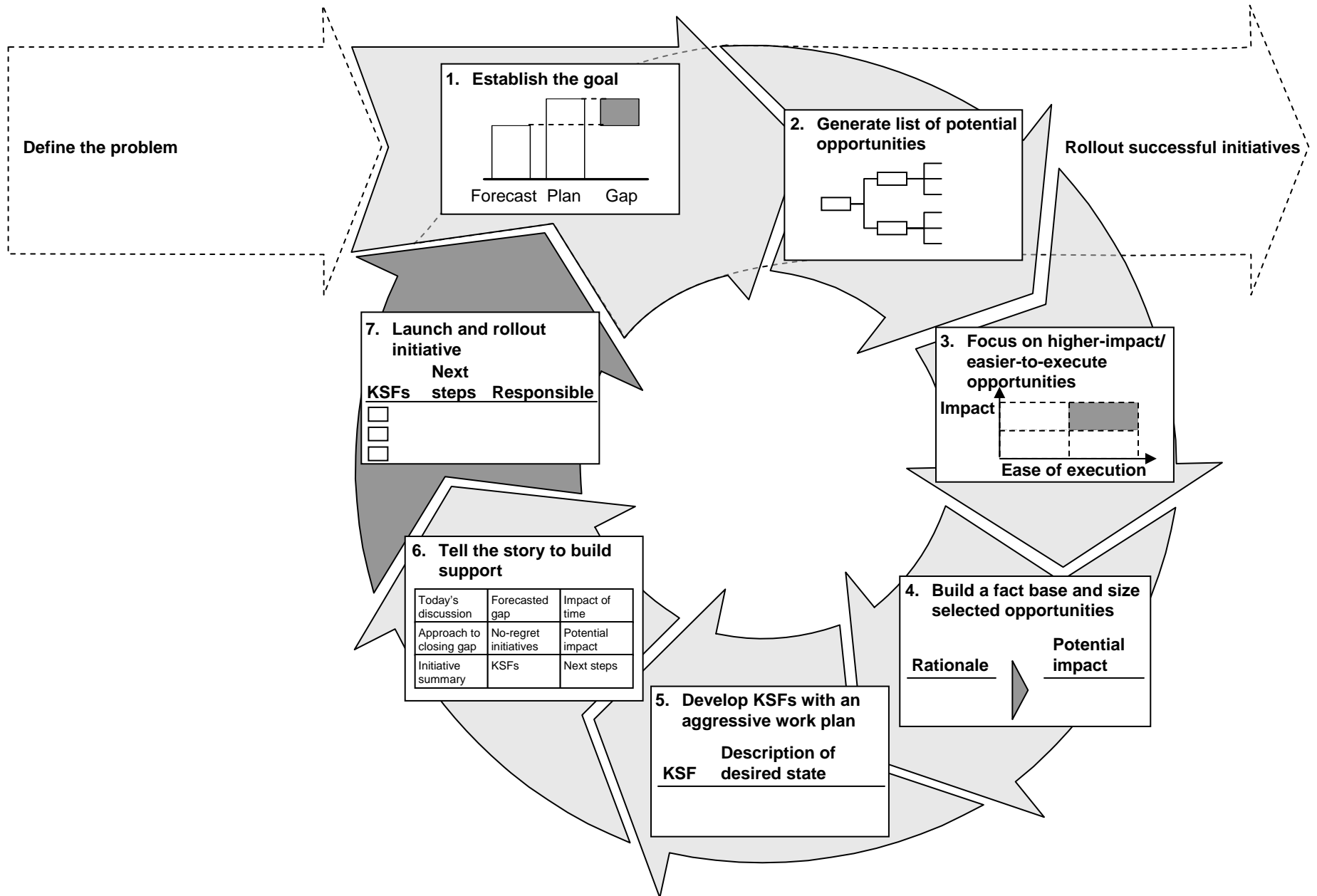
A short and crisp presentation is often the most effective tool to build the case for an initiative.

## STORYBOARD OF TYPICAL PRESENTATION TO KEY STAKEHOLDERS

ILLUSTRATIVE

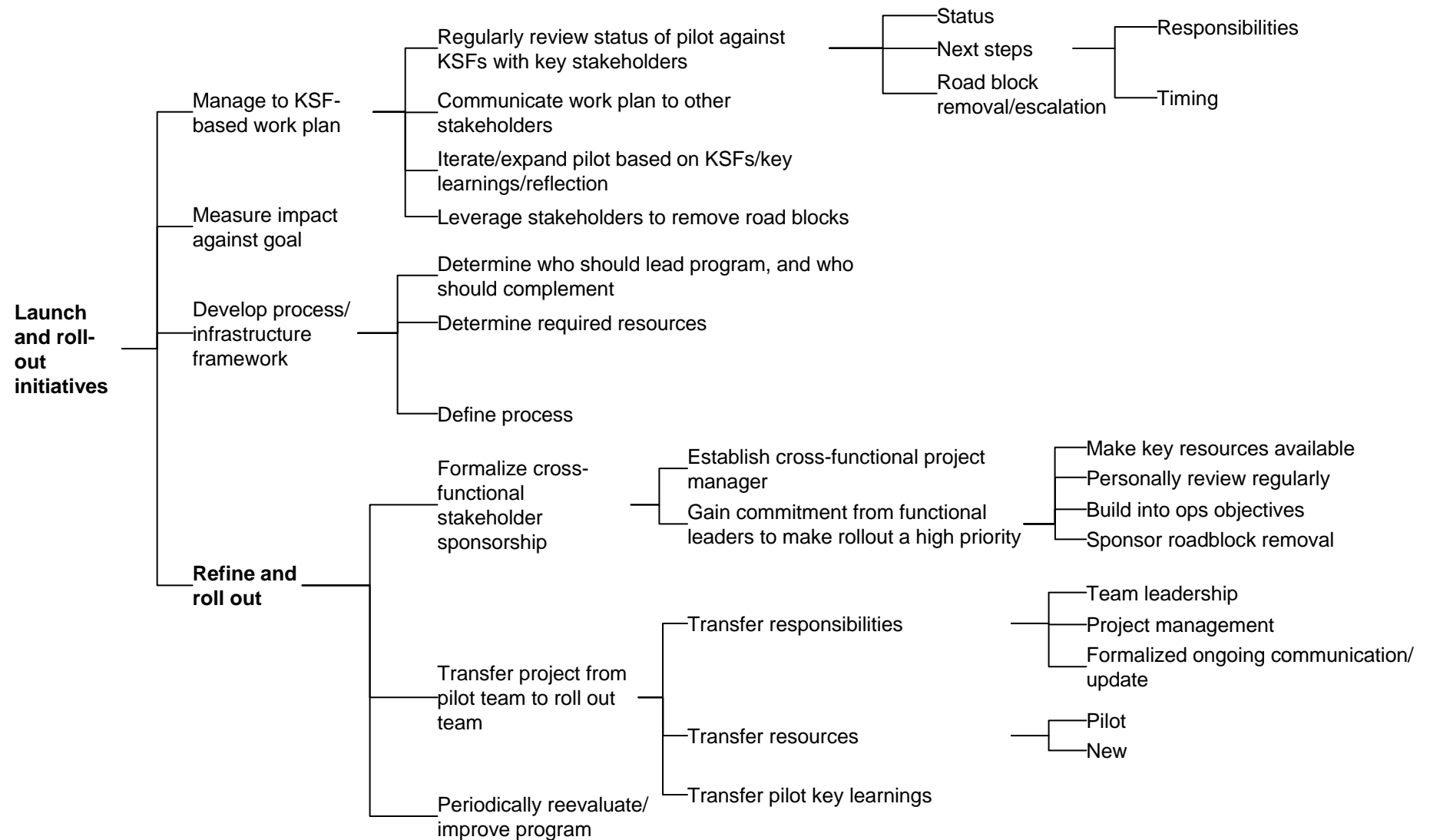
<h3>Today's discussion</h3> <ul style="list-style-type: none"> <li>• Explain goal and gap</li> <li>• Explain overall approach for initiatives</li> <li>• Review progress to date</li> <li>• Agree on next steps</li> </ul>	<h3>Forecasted gap</h3> <p>FORECASTED GAP*</p> <p>Current run rate ... generates a gap to target</p> <p>Forecast at current run rate</p> <p>Target</p> <p>Plan Total forecast Gap to plan</p> <p>* In this example, gap will close by December being higher than target (e.g., response, customer loss, call success). The methodology also needs about the plan to higher than the current run rate.</p>	<h3>Impact of time on closing the gap</h3> <p>IMPACT OF TIME ON CLOSING GAP</p> <p>The longer the gap goes unaddressed ... the greater the challenge</p> <p>Actual quarterly gap</p> <p>Cumulative gap</p> <p>Gap already too considerable to be closed</p> <p>Actions to take</p>																						
<h3>Approach to closing the gap</h3> <p>STEP 4 - BUILD A DETAILED WORKPLAN</p> <p>How can we achieve the goal of ...?</p> <p>"Close gap this year"</p> <ul style="list-style-type: none"> <li>• Exclude no-fail/no-regret initiatives</li> <li>• Positive impact, quickly</li> <li>• Executable through focused initiatives</li> <li>• Low risk</li> </ul> <p>"Build capabilities for this year and beyond"</p> <ul style="list-style-type: none"> <li>• Based on segments of high-value customers</li> <li>• Develop and execute more involved initiatives</li> <li>• Focus on managing through customer relations</li> </ul>	<h3>Potential impact due to no-regret initiatives</h3> <p>POTENTIAL IMPACT DUE TO NO-REGRET INITIATIVES - CUSTOMER RETENTION EXAMPLE</p> <p>Thousands customers</p> <p>Projected churn gap</p> <p>Launch save desk</p> <p>Target high-sales, high-churn risks</p> <p>3 medium oppo. bundles</p> <p>5 smaller oppo. bundles</p> <p>These are conservative estimates, however, they may contain some double-counting. The team will be tracking these as more data and analyses become available.</p>	<h3>Rationale for initiative</h3> <p>SAVE DESK SUMMARY</p> <p>Why we believe this could be an opportunity</p> <ul style="list-style-type: none"> <li>• Save performance (number of saves per disconnected call) will generally be up from 2% for bottom 10 steps to 25% for top 10 steps</li> <li>• More than 70% of disconnects are handled at customer care, supporting focused improvement</li> <li>• Bulk of disconnect calls currently answered by Tier 1 (non-technical specialists) and then transferred to Tier 2 (specialized specialists)</li> <li>• Reps do not use standardized scripts, nor "waste the work"</li> </ul> <p>Potential impact</p> <ul style="list-style-type: none"> <li>• Potential to reduce ~1,000 disconnects by 6,700-16,000</li> </ul>																						
<h3>KSF</h3> <p>Key success factors for each initiative need to be exhaustive and specific. Requirements include clear objectives, demands to be met prior generation of a complete list of KSFs have a higher failure rate.</p> <p>KEY SUCCESS FACTORS FOR FRAUD/CREDIT DESK</p> <table border="1"> <thead> <tr> <th>KSF</th> <th>Description of desired state</th> </tr> </thead> <tbody> <tr> <td><b>Appropriate level of staffing</b></td> <td>• Adequate number of resources and skill level of resources</td> </tr> <tr> <td><b>Customer project management</b></td> <td>• Dedicated project manager • Entering thresholds • Managing resources • Implementing continuous improvement • Monitoring results</td> </tr> <tr> <td><b>Key stakeholder's support</b></td> <td>• Buy-in from key stakeholders (operations, finance, marketing, etc.) secured</td> </tr> <tr> <td><b>Impact of trigger is identified</b></td> <td>• Triggers rapidly vettable by fraud/credit desk agent • Triggers help identifying fraud/credit policy non-compliance</td> </tr> <tr> <td><b>Effective process in place</b></td> <td>• Clear process to filter GLA to audit, audit accounts, and identify accounts requiring action</td> </tr> <tr> <td><b>Corrective actions identified</b></td> <td>• Free of specific actions to be taken on fraudulent/incorrect accounts created and process to take actions in place</td> </tr> <tr> <td><b>Required systems in place</b></td> <td>• Temporary system in place to accelerate audit of accounts • Long-term systems change request submitted to automate process</td> </tr> <tr> <td><b>Effective metrics and tracking mechanism</b></td> <td>• Metrics and daily tracking mechanism to monitor impact on churn, fraud, credit policy violation</td> </tr> <tr> <td><b>Legal approval</b></td> <td>• Target approval obtained to take action</td> </tr> <tr> <td><b>Targeted monitoring and testing</b></td> <td>• Processes regularly re-evaluated/updated on best practices fraud/credit audit techniques</td> </tr> </tbody> </table>	KSF	Description of desired state	<b>Appropriate level of staffing</b>	• Adequate number of resources and skill level of resources	<b>Customer project management</b>	• Dedicated project manager • Entering thresholds • Managing resources • Implementing continuous improvement • Monitoring results	<b>Key stakeholder's support</b>	• Buy-in from key stakeholders (operations, finance, marketing, etc.) secured	<b>Impact of trigger is identified</b>	• Triggers rapidly vettable by fraud/credit desk agent • Triggers help identifying fraud/credit policy non-compliance	<b>Effective process in place</b>	• Clear process to filter GLA to audit, audit accounts, and identify accounts requiring action	<b>Corrective actions identified</b>	• Free of specific actions to be taken on fraudulent/incorrect accounts created and process to take actions in place	<b>Required systems in place</b>	• Temporary system in place to accelerate audit of accounts • Long-term systems change request submitted to automate process	<b>Effective metrics and tracking mechanism</b>	• Metrics and daily tracking mechanism to monitor impact on churn, fraud, credit policy violation	<b>Legal approval</b>	• Target approval obtained to take action	<b>Targeted monitoring and testing</b>	• Processes regularly re-evaluated/updated on best practices fraud/credit audit techniques	<h3>Why this is important to you</h3>	<h3>Next steps</h3>
KSF	Description of desired state																							
<b>Appropriate level of staffing</b>	• Adequate number of resources and skill level of resources																							
<b>Customer project management</b>	• Dedicated project manager • Entering thresholds • Managing resources • Implementing continuous improvement • Monitoring results																							
<b>Key stakeholder's support</b>	• Buy-in from key stakeholders (operations, finance, marketing, etc.) secured																							
<b>Impact of trigger is identified</b>	• Triggers rapidly vettable by fraud/credit desk agent • Triggers help identifying fraud/credit policy non-compliance																							
<b>Effective process in place</b>	• Clear process to filter GLA to audit, audit accounts, and identify accounts requiring action																							
<b>Corrective actions identified</b>	• Free of specific actions to be taken on fraudulent/incorrect accounts created and process to take actions in place																							
<b>Required systems in place</b>	• Temporary system in place to accelerate audit of accounts • Long-term systems change request submitted to automate process																							
<b>Effective metrics and tracking mechanism</b>	• Metrics and daily tracking mechanism to monitor impact on churn, fraud, credit policy violation																							
<b>Legal approval</b>	• Target approval obtained to take action																							
<b>Targeted monitoring and testing</b>	• Processes regularly re-evaluated/updated on best practices fraud/credit audit techniques																							

# 7 STEPS TO DEFINING AND INITIATING ACTION

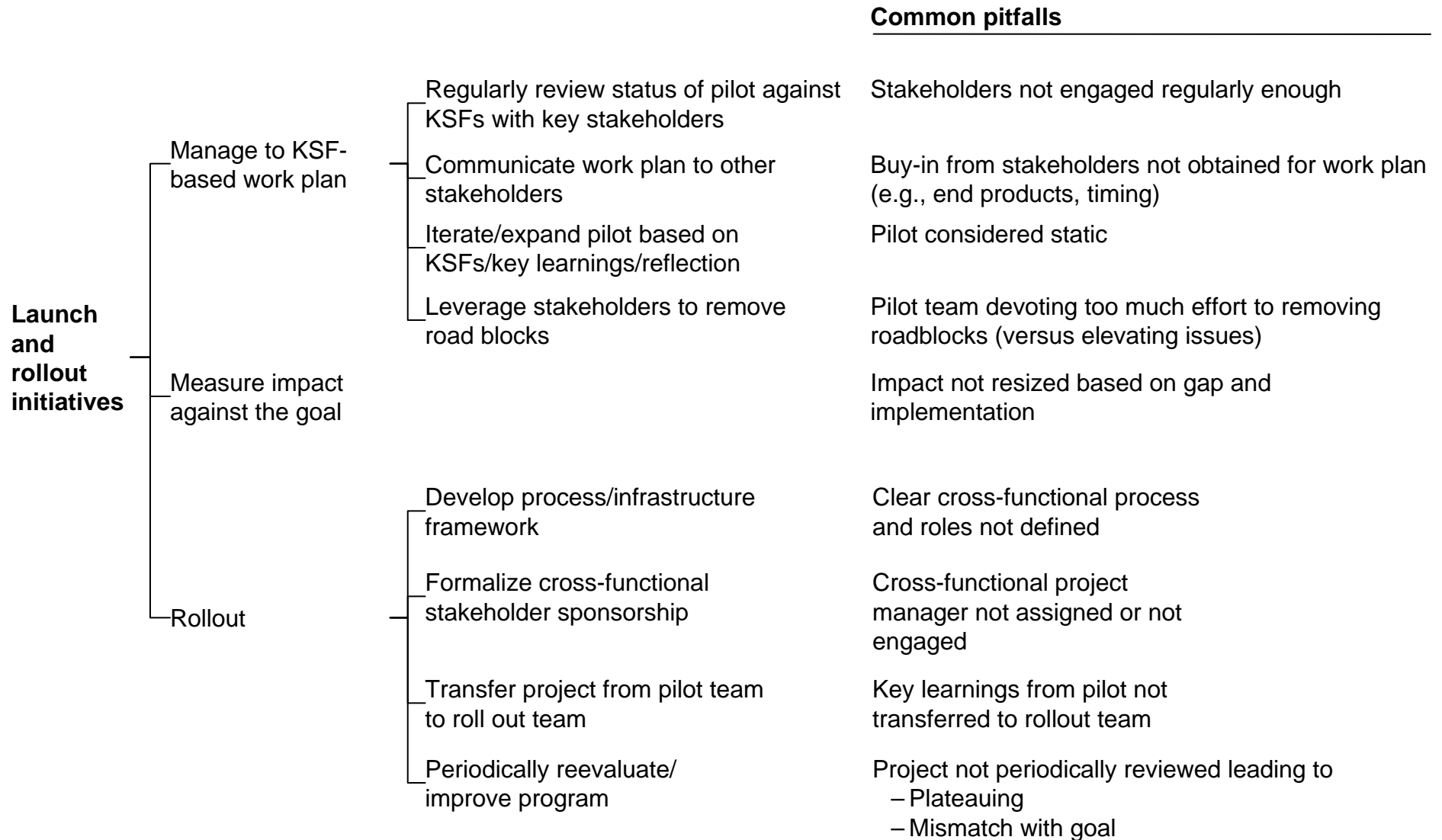


## STEP 7 – LAUNCH AND ROLLOUT INITIATIVES

ILLUSTRATIVE



## STEP 7 – LAUNCH PILOTS AND ROLLOUT INITIATIVES – COMMON PITFALLS



## Comments & Questions