

Don't Procrastinate...Innovate: Selling Innovation To Management

Written by Ken Bannister, Contributing Editor
Monday, 14 March 2011 10:12



Justification is a basic human need. Think about a child demanding something from his/her parents: "I WANT...!" Some children eventually learn the value of rationalization and, provided their wants are reasonable and achievable, attain success by prefacing their requests with "I need this, because..." Rationalization tones down the demand, the "want" is now a "need," and the "because" is the justification.

With the "because" factor being the clincher, to ensure success the requestor must provide the approver with adequate information through which to make an educated "yes" decision and defend that decision to others. The information must include a Cost/Benefit statement and be presented in language that appeals to the request approver, along with a favorable ROI (the approver's Return on Investment).

For example, your child says, "I *need* \$25 for a field trip to the history museum next week because it will *boost my grade and help me win* that scholarship we always dreamed of." This request is justified in that it: 1) establishes the trip's importance with respect to current studies; 2) reflects immediate ROI based on good grades; and 3) makes the case for future ROI in the form of a desired scholarship. The proposal appeals to you in language that you understand and highlights benefits that far outweigh the cost.

Steps to innovation-selling success

Proposals and requests are integral parts of everyday life. Our success depends on how well we present our ROI arguments. Here, we discuss the first three of seven steps for developing and selling a successful proposal.

Step #1: Establish the need...

Making your project a winner is about positioning your idea as one that fulfills many needs simultaneously. For example, you may have established that your current manual lubrication practices are the cause of premature bearing failures resulting in excessive downtime. Your proposal is to put in place an engineered automated lubrication system that will triple the current

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life cycle of the bearing and solve an immediate department need to reduce maintenance costs, while increasing asset uptime.

To improve your chances of selling this initiative, you must be innovative in searching for and positioning your project as a resolution to corporate and/or departmental needs. In this case, establish what the total annual downtime cost amounts to and present it as a sustainable financial benefit to the organization. This initiative can also provide asset energy savings of up to 20% that can be calculated as both a financial and a measurable environmental benefit in reducing your CO₂-emission carbon footprint. One simple project can meet the needs of many departments and corporate initiatives.

Step #2: Know your audience...

In preparing your project proposal, build and present it to appeal to the person(s) who will approve and sponsor it. Audiences differ in how they view and respond to things. Maintenance pros think in terms of asset availability. Financial types like to talk about the money. Operations people want to know the impact on productivity throughput.

You'll need to know if your intended sponsor is detail-oriented or a "big-picture" manager, and prepare accordingly—*be sure to have all the details ready*. Seek ways to prepare your justification argument based not only on your needs and requirements, but also on those of your sponsor: Marry your goals. In other words, make it easy for the sponsor to defend a "yes" decision!

Finally, anticipate sponsor objections and develop your effective response to them. (Remember, too, that you may have to sell your project to several sponsors and present your proposal in a number of different ways based on your audience at a given time.)

Step #3: Prepare your ROI documentation...

Authoring a successful ROI proposal document requires detailed preparation. The audience analysis in Step #2 provides the basic informational requirement framework for building the ROI proposal. Justification details will differ according to the challenges your project presents. For example:

- Component or equipment replacement/redesign can be justified under:
- Technology depreciation (i.e., old technology and unavailability of parts)

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- Consequence of failure (i.e., based on criticality, low tolerance for failure)
- Availability, output or throughput design deficiency (i.e., seriously diminished reliability, or output and/or throughput demands that surpass original design specs, resulting in multiple premature failures and downtime occurrences)
 - Maintenance cost level (i.e., old, complex design that's too costly to maintain in comparison to a newer, simpler design)

- Process change can be justified under:
 - Efficiency (i.e., an old procedure/process that is no longer adding value)

- New tool purchases can be justified under:
 - Labor savings (i.e., reductions in maintenance "wrench" or "travel" time)
 - Availability and proactivity (i.e., diagnostic ability to predict or prevent potential failure[s] and help eliminate downtime)
 - Energy savings (i.e., ability to identify energy inefficiencies via leak detection, thermal losses, etc.)

A project often can be justified in multiple ways. For example, an automated lubrication system will affect asset availability, production throughput *and* provide a more efficient lubrication process that adds value and boosts savings.

Once justification is determined, we investigate the existence of any current funding initiatives: Does your company, for example, give automatic approval to any initiative that can prove payback (pay for itself) within six months? Does it place a caveat in which payback on projects must be derived from energy savings? There also may be government and/or utility funding programs for initiatives providing energy or environmental savings that can be leveraged. If no official funding guidelines exist, the ROI author could research similar previously approved applications for assistance.

The final ROI preparation step is the Cost/Benefit analysis details and calculations—*to prove that the proposed purchase is a good business decision*

. Cost is a combination of purchase price, training fees, relevant support fees and shipping/insurance fees.

Benefits can be both tangible and intangible. The tangibles are usually calculated as both direct and indirect savings (refer to purchase-justification criteria) resulting from the project. Tangible benefits are best presented in terms of the actual benefit—*such as safety, time, throughput,*

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uptime, availability, etc., and their comparative dollar values.

Intangible benefits, including corporate reputation, employee morale, etc., may be more difficult to measure, but are no less important.

If a payback timeline exists, benefits and savings derived within that period must equal or be greater than the total cost. However, the true impact or realized sustainable benefit of a project can be amortized over a longer period. The full amortized period is determined by type of purchase and circumstance of use—*such as purchased equipment life, manufactured product run or life, program or project life, etc.*

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Coming Up: In the May issue, we continue on this topic by discussing the actual presentation and ROI proposal for management.