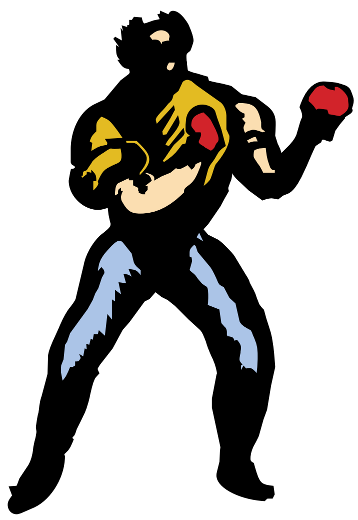
Avoid These 10 Sure Ways To Bust Your ROI

RULES TO LIVE BY WHEN INVESTING IN NEW EQUIPMENT OR TECHNOLOGY



By Kathy Sandler

“Imagine yourself at the end of a project. You’re sitting across from the CFO and she wants to know why you’ve spent your entire budget and your project hasn’t implemented yet,” said Maggie Brenner, first vice president graphic production services at First USA. “I bet you’ll find that you did one of these 10 things.” Brenner presented this challenge in a seminar in the Return on Investment (ROI) track that I organized for the most recent Seybold San Francisco show.

First USA, a Bank One company and the largest issuer of Visa credit cards, mails 50 million direct mail pieces a week – that’s right – 50 million a week! Brenner is on the business side there, where they have an internal production shop. Before joining First USA, she was publishing operations director for Consumer Reports magazine. During her 10-year tenure there, she took the publication CtP, brought prepress in-house and launched a content management system. So, Brenner is very familiar with making sure projects reach profitability and she has seen a share of projects fall short of promised ROI. Here are her top 10 ways to make sure you don’t blow your ROI as you implement an expensive new technology or workflow:

Don’t Constrain the Business

One of Brenner’s colleagues once actually said to her, “Your illogical business is messing up my perfect data structure!” She’s also heard, “Hey, this thing I’m building can’t do what you’re asking me to do, so therefore, you shouldn’t want to do it.” And here’s a good one, “I just finished building it, and now you want to change the rules.” In marketing and sales, the rules change constantly! The overall good of the business (and its clients) always comes first.

Don’t Assume You Know the Process

To implement a big project, you need to completely understand the current workflow process, and you probably think you do. Most likely you think it looks like a Rube Goldberg contraption. Many technologists who observe publishing workflow often think, “These poor souls are suffering so mightily, we’ll just bring in this automated tool and lay it on top of their publishing system, and it will make it much easier.” This will not work. On the other hand, she observes, “No matter how great the tool is, if you have caused them to completely rethink the way they do their business – and I don’t care how much money you’re going to save them – they really don’t want to use the tool.” You need to analyze your business’s process and be able to support them through change management.

Don’t Fall in Love With Technology

“Don’t put the proverbial software cart before the work horse,” advises Brenner. She has seen digitally oriented people read about a neat software application or output device in a trade publication or on the Web, then buy it and install it before figuring out how the business can make use of it. She’s also heard technologists say, “There’s got to be a better way to do it,” even when they can’t show a true cost savings for what they’re doing. “Just because new, faster, cool tools are available doesn’t mean it’s a good investment,” she notes. “You must completely and thoroughly analyze your business needs before you go out and spend a penny on technology.” Don’t get hooked on improvement for improvement’s sake.

Don’t Be a Push-Me-Pull-You

Brenner has heard many Information Technology (IT) people say, “We gave them this great tool, and no one is using it.” A successful IT project should not be a tug of war between sales/marketing and technology/production. You need to make sure the two sides completely understand the common goal and apply existing business rules to the project – don’t create new rules to suit the tool. There will obviously have to be compromise, but make sure to build for the benefit of the entire business. If you are management within a large enterprise, get your business owners on board right away before presenting your ROI project to the finance department (or bank) for funding. Once the owners are on board, they’re more apt to support a project through implementation and make sure it’s ultimately successful.

Don’t Forget That Print is the Central Driver (Even for Cross-Media)

“Publishing to the Web is really, really easy, compared to publishing for print,” says Brenner, who’s been on both sides. “It turns out that print is much more rigid and more complex. Put print formatting needs first, if you’re considering a content management system. The rest is easy by comparison.” Print is a very static presentation – there’s a moment in time when print content becomes fixed. The Web allows us to change it immediately, but do you want to? Do we really want different people to be making changes at the same time? Find out the business requirements to see if these are real needs.

Don’t Ignore Real World Reductions

When the project is over, management might say, “You promised we would cut heads” or “You promised we’d get to market faster.” While it may be true that you made these promises up front, it may also be true that the company added two new publications and four direct mail campaigns during the course of implementing your project. They buffered this extra work with increased head count and now they’re wondering why you didn’t reduce overall staffing. You need to pay attention to the fact that your business moves on even as your project moves forward. You made assumptions on the volume of work your shop did and the staffers it had when you plotted ROI for the new project or equipment, but you need to plan for changes. Business needs change, volume grows and support lines shift. Make sure you understand the needs of the business, accept how they might change and reexamine your ROI during the life of your project.

7.

Don't Construct It Whole
Usually projects that alter workflow are big. Each block must be constructed one at a time, and each block must fit the overall structure. No matter how thorough the discovery phase of your project was, you'll always find something that you'll want to do differently and something that just won't work as anticipated. The modular approach provides maximum flexibility, but don't lose sight of the big picture.

8.

Don't Forget the Data
If database information plays any part in your project, the first thing you need to do is make sure you really know where the data is and who owns it. "There's a big assumption, usually on the part of the technologists, that if publishers are already publishing, then the data must be already out there," asserts Brenner. "But if the data were already organized, you wouldn't be doing this ROI." Find out who's driving the data source and who owns it. Brenner cautions that often within a publishing enterprise, data is scattered throughout the organization.

9.

Don't Forget the Clock is Ticking
"Every project has an end date," counsels Brenner. "And many of them have another one, and another one, and another one." Don't play the "Wouldn't it be neat if…" game. That's where you say "Wouldn't it be neat if we just added this feature or made the system do that?" You need to balance ideals with real needs and manage a phenomenon Brenner calls Project Creep. If the scope of the project begins to change, rein it in to maintain deadlines. Otherwise, you will bust your budget. Ask yourself this key question: Is the budget predicated on a timely delivery or on full functionality? If your ROI is based on launching on a particular date, narrow the scope to make sure it gets done by the deadline. If you'll only see your savings by achieving full functionality, then you need to extend the deadline for implementation.

10.

Don't Build for the Short Term
"I lived in Houston in the early '80s," muses Brenner. "Every time they finished a highway improvement project, they needed to start a new one because they hadn't planned for the growth that was going to happen while the project was being completed. Be very sure that your technology project doesn't encounter this." Plan for your system to be big enough when it's done. For example, content management systems usually have long-term implementations, so make sure you plan for the business to grow and change in the meantime. Your business is not static, so make sure your project plan is fluid as well. Build for extensibility – make sure the infrastructure is there to support additions in the future when the business is ready for more.

An ROI will never be as good as it could have been. The ROI is dreamed up in an ideal world, but implemented in the real world. If you set out to build the biggest, perfect mousetrap that you can, you will fail. Build your budget on limitations to the ideal. You can make the budget if you remember that you do not own the whole thing, are willing to compromise against the ideal, and realize that you need to be patient because rolling out a technology improvement is going to shake your organization's world. Just make sure that when the shaking's done, your ROI doesn't fall to pieces by ignoring Brenner's advice.

Kathy Sandler is assistant director of publishing technology at Hearst Magazines in New York. She is also chair of Magazine Industry Day and Cost Savings Day at Seybold NY 2002, to be held February 19-22 at Javits Convention Center.