

*Global Project Strategy (011) (603) 862-3374*

## The Toughest Project Since 1981

*Obama is the project leader and he is having one heck of time managing budget, time and scope!*

*We have reached bottom and now we begin to dig our way out.*

Layoffs continue, the unemployment rate keeps rising, it is difficult to borrow money, and housing prices have not bottomed. Indeed, we are in the worst recession since 1981.

All eyes are on Washington. Unless Obama can get us out of this mess, the suffering will continue or get worse. But is there anything that can be done to help without jeopardizing our future?

Ask a dozen economists and you will get two dozen answers. Then again, why ask economists, since they failed miserably in forecasting or preventing the crisis in the first place.

To be very blunt, Obama has one heck of a "project" on his hands. His goal is simple: get people back to work and restore economic health with minimum long term damage.

What resources does he have? Well, that's another story, isn't it? First we had to bail out Fannie Mae and Freddy Mac, then we bailed out banks, then auto manufacturers and it hasn't ended yet. In short we are giving him all the resources we have. It's a

project manager's dream You need more? Just ask.

Then, what about time constraints? At first we were told that the economy would improve early in 2009, then the middle of 2009, and now the word is that it won't start getting better until 2010. Once again, it's the kind of time constraints we like; if it takes longer, no big deal.

How about scope? While it seemed to be limited to the housing sector, it very quickly escalated to the rest of the economy. Even worse, it escalated beyond our geographic boundaries. Have you ever heard of a better example of scope creep?

What has become clear is that this has become the toughest project since the recession of 1981-1983.

And all criticisms aside, it is a project that demands continual monitoring of our economy and a willingness to maintain a flexible strategy. For example, we discovered that much of the TARP money was spent in ways that did not help the economy. Some even went to executive bonuses. Now, we can all criticize Washington, and they deserve some of the

criticism, but many of the projects we undertake also hit significant bumps along the road. They are the kind of bumps that some people may claim we should have anticipated, but the reality is that we didn't. The bumps jeopardize the project, and unless we are flexible and make rapid adjustments the project may fail.

Now to the good news. It does appear that we have bottomed out. Layoffs from the largest Fortune 500 companies, tracked by Forbes.com, have fallen. The stock market seems to have reached bottom. Banks reported higher quarterly results than expected (although this could be attributed to the Mark-to-Market changes) and consumer confidence has held its own.

But what about unemployment. Traditionally unemployment climbs well after the recession has bottomed out. This time will be no exception,

So, maybe the "project" is succeeding.

But project managers understand what it is to be over budget, late and beyond scope.

# Why Newspapers Can't Put Together a Winning Project

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This recession has had a devastating impact on the automobile and banking industries. But there is one more that has been especially hard hit; the newspaper industry. Newspaper stocks are down about 70 percent and the list of newspapers that are in serious trouble is shocking.

Gone is Denver's Rocky Mountain News, started in 1859, Then there is the San Francisco Chronicle which is in trouble as is the Seattle Post-Intelligencer. The Philadelphia Inquirer and Daily News have filed for bankruptcy protection, joining Chicago's Tribune.

## If Now is the Time to Invest in the Stock Market Then it is Also the Time to Invest in New Projects.

The principles of successful investing apply not only to equities but also to projects. Resisting the temptation to invest in a stock market that is near its peak is essential to enjoying high returns. But here's the catch. At the peak everyone looks favorably on investing. They see others making money and don't want to miss the boat. Just like the housing market of two years ago, most people thought it was impossible to lose money. Many bought homes as a "sure fire" investment

Well here we are at what seems to be the bottom of the economic crises, and few people are talking

and the Minneapolis Star-Tribune.

From one coast to the other there are many victims. Why?

Conventional newspapers are almost dead. Few of us get their news delivered to their doorstep every morning. So engaging in projects that redesign the look and feel of a newspaper or engaging in aggressive marketing projects to increase classified ad revenue has been a losing battle for most of the country's newspapers.

If any are to survive they need to step out-of-the-

box and recognize that they have been focused internally for years and that their real competition comes from young people with fresh ideas.

Above all they have to stop thinking of newspaper projects and begin thinking of projects that place them squarely in the middle of the electronic revolution.

They need to start thinking like Amazon.com (Kindle) or Craig's List and not like the Rocky Mountain News.

about buying houses, investing in the stock market or starting new projects.

But experience has taught us that investing at the bottom can be very profitable. Houses can be had at a bargain, and stocks can sell at prices that haven't been seen in a long time.

Projects too are good investments. There is plenty of top talent around, there are signs the economy is improving, many competitors have gone out of business or abandoned markets, and suppliers are hungry and more than willing to enter into favorable contracts.

History is on your side too. A study completed in the UK showed that those companies engaging in projects during good times had a much lower rate of return than those who started projects during recessions. Returns for those starting at the bottom were in the range of 25 percent compared to one percent for those started in better times.

So if you are willing to take risks, now may be the time to consider new projects.