

*Global Project Strategy (011) (603) 767-0480*

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## Detroit Disappoints at Auto Show

The big three failed to impress anyone with the cars unveiled at the Detroit Auto Show. Some said it was too little too late. Chrysler, under intense pressure to sell off some of its assets, unveiled only one new car but promised that many more were on the way in the next few years.

But most observers were unimpressed. Few are willing to bet Chrysler will survive to see those cars introduced to the market.

This history of one bad project after the other can't be ignored. And if the wisdom behind Detroit's choice of projects

has been so bad, how can we expect the future to be any different.

Perhaps the best indicator of future performance is past performance and that is why many people just want to throw in the towel and let the Big Three fail. Get it over with!

The only thing that gets in the way is the tens of thousands of jobs that would be lost. Not only jobs in Detroit, but jobs around the country as countless suppliers are affected when the dominos fall.

So, if past performance is a predictor of the future,

the job of improving project performance in companies that suffer from one disappointing project after another is a challenge.

Effective and successful project performance needs top management to select projects that will make the company more competitive and produce effective bottom line results.

My guess is that there were many good project managers at the Big Three who were stuck with bad projects. Who failed? Top management or the project manager?

## The Single Critical Step in Restoring Morale During the Recession

There are many problems during a recession. Projects get cut, people lose their jobs, and morale can fall off a cliff.

For many companies, the knee-jerk first step is to rein-in costs. This means cutting supplier orders, reducing inventories, and furloughing workers.

The problem is that these actions can lead to a command-and-control approach to management where the voice of the workforce has little merit.

Then after the cuts are made, management often assumes that those left behind will be grateful that they still have their jobs. Indeed, they should be

grateful.

But this doesn't tell the whole story.

In addition to feeling grateful, those who still have their jobs also suffer because fewer people are left to do the work.

Continued ...

A Command-and-Control approach might provide a short term sense of comfort and control, but in the long run the company is left with a demoralized and restless workforce.

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## Test Your Project Strategy Skills

In just a few months the price of gas has dropped from \$4 to \$2 per gallon, a fifty percent drop that brought much needed relief to the consumer.

But just how long this price drop will last is not certain. Many pundits estimate that the equilibrium price of oil is about \$80 per barrel. If this is the case, gasoline

prices might get back to \$3.00 per gallon.

Meanwhile car buyers have decided to shun fuel efficient cars and are back to preferring the larger gas-guzzlers. Indeed, sales of Toyota's Prius, a Hybrid that was in scarce supply just months ago, fell off a cliff in the last half of 2008.

Here's the challenge.

What should management do? Should they respond to the falloff in demand for fuel efficient cars and rebalance their project portfolios to include larger cars? Or should they ignore this recent drop in gas prices and continue to invest in fuel efficient cars? Can you argue both sides?

## The Single Critical Step in Restoring Morale During the Recession ... Continued

So those who are left are burdened on one hand by more to do and on the other hand by a demanding style of management.

While cutbacks are inevitable, the shift to a command-and-control style of management can be avoided.

Management must resist the temptation to take advantage of the weak job market and instead take every opportunity to engage those who remain in a very different way.

The first step is to respect and acknowledge the fact that the survivors are under considerable stress. The second is to introduce new ideas that lets them know you care. This may involve new training programs and more active listening, increased communication.

There is nothing new here, just a reminder that all the steps we take when labor markets are tight need to be maintained when the markets loosen.

If the company can take these steps there is lots to gain. Along with improved morale, productivity will increase and absenteeism will decrease. But most important, the workers who remain will stay with the company once the economy recovers.

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## The Good News: Washington's Recession Cure Means Lots of Projects

If there is any good news during this recession it is that monetary policy is no longer likely to be effective in turning the economy around. But today, as was true during the Great Depression, monetary policy has nowhere to go. Fed funds and interest rates are already low and can't go much lower, and banks are afraid to lend

for fear they will never get their money back.

So, monetary policy has severe limitations.

The only logical alternative is to focus a considerable portion of Washington's bailout plan on fiscal policy where the government engages in health care, education,

and infrastructure projects.

The concern is that these projects will take many months before they are approved and before the first signs of activity is begun, but the good news is that there should be a pickup in demand for project managers.