

The Price is Right

Rob Zanfardino

The roar of the crowd, the smell of blood in the air, the flashing lights, the spin of the big wheel and let us not forget about those "beauties" who walk around on the stage. No, I am not talking about professional wrestling or one of those reality TV shows, if you have not figured out what I am talking about it is the TV game show, The Price is Right hosted by Bob Barker. This game show has captured viewers' attention longer than any other game show in history.

As I was watching the show one day it dawned on me that this show was very relevant to the world of project management. This epiphany helped me in several ways: One, it gave me an excuse to keep watching it. Two, it provided me a great title for this article to draw you in to read it. It is one of those shameful but necessary evils that writers employ to get your attention! More importantly, the show can be used as a study in how people perceive risks, the calculations used in taking the risk, and their reaction when the risk ends badly. It is very interesting to see folks with different backgrounds from different locations within the United States, view and act to the risk in order to achieve a financial gain.

For those of you who are familiar with the game show, can you see what I am seeing and how this show can apply to project management? It really is amazing how different personalities play the game:

- You have the High Rollers who came with nothing and will leave with nothing.
- You have the contestants who act like they have a cup of quarters being very conservative in their play. Not spending more than they have and ensuring that they will walk away with something in their pocket.
- Then you have the final type of contestant appearing as if they do not have a clue to what is going on even though the game has been explained to them three times.

This game show really is a study in risks. How do you determine the percentage of probability in the likelihood the risk will occur in an event not in your control? This is no different than in a project we are trying to complete. We all take chances when we assess risks. If we didn't it would not be a risk. Risks are the intangible part of the equation that may be beyond our current scope of knowledge. Sometimes we gamble too much and risk losing the whole prize, sometimes we try to over compensate for the risk and commit valuable resources be it manpower, materials and/or dollars. As I mentioned, I believe there is a direct correlation to how people play games and the way they assess the risks that are involved in projects.

The first thing that captured my attention is in the beginning of the show when the contestants have a chance to bid on some opening products. Generally, most contestants seem to overbid on the product. They have not been able to capture the exact cost of the product many times because they are basing their bids on very limited information and the hype of the audience. How many times do we overbid or underbid on IT/IS projects because we lack the correct information or there is executive focus pushing the completion of the project? This is especially true if you are an outsourcing company and you are submitting bids without getting the full specifications about the project.

This can also occur if the account team bids on these projects without direct input from the consulting team. The account team has a hard job and there is no doubt about it. It is for that reason it is essential for the consulting team to be involved in the "Up Selling" process. We really do need to create an alliance once and for all between these two groups. Too much time and money has been lost by the account team under pricing the projects in order to get the business, therefore making quota and too much time has been lost by the consulting group getting mad that the project was given away or the dates for completion were unrealistic, scrambling to get it done as agreed to in the contract. All of us can confess that we missed some bids in our life.

How do you attempt to mitigate this risk if you just cannot get all the facts? You do it based on your skills, the skills of your tech team to size the projects, and those client relationship skills of the account team to seal the deal and sell it. We cannot leave the account team out there swinging all by themselves thinking they have all the responsibility for the sale. For the account team, you have to begin to trust the tech team for not blowing the deal. Internal or external projects need to be thought of more in these terms and the whole team needs to participate. I suggest a partnership gets forged early on between these two groups to team up. My experiences as a senior project manager is the customer has a higher comfort level when they get to meet the consulting / tech team in person prior to the project. In doing this, you have mitigated one of your biggest risks at the start of the project, the lack of integrity.

One of the key lessons I learned was to ensure that I have buy in from the whole team. In doing this I mitigate one of the biggest risks that can come up and bite you when your 50% into the project and things begin to falter and fingers get pointed around the table. One of the first actions I do during the requirements definition phase is to have all the business stakeholders in the room including the tech team members who will develop them and go line for line through each and every requirement and allow both sides to have a final opportunity to see what will be delivered. For example, if the business stakeholder wants a blue background I ensure that we have a copy or shade of the blue required. I know it sounds silly but trust me it is far better to take an extra day in the front end than to lose a week in the back end. I know from personal experience how painful it can be.

I remember while working for IBM in the early 90's they were going through some tough times and the atmosphere was very dark with the fears of layoffs. It is in those times logic takes a back seat to politics and nothing seems to make sense to the logically thinking person, because frankly it does not. Anyway, a manager assigned a staff person to make some colored charts. We did not have PowerPoint back then and making charts was a tedious process. This manager had a reputation for using her staff to actively promote her better side to upper management which seemed to be a full time job for most of her staff. She did not have any plans to let moss grow under her feet so any opportunity she could bring attention to herself she did. My point here is this manager had nothing better to do than to fret over the exact color blue she wanted for her background cover. She had this person spend hours of his valuable time going back and forth on the exact color blue to use and other trivial things. Knowing ahead of time what type of person this manager was, it would have been better to verify the colors first and get sign-off on them instead of having the manager decide after repeated attempts to complete the chart. By the way, even today this is still one of the biggest time wasters in large corporations, the lack of clear requirements. As I have mentioned in my articles, about the different level of customers, we all need to service the customer, management must be sensitive to time wasters and continually look for ways to make the employee's time more productive and not become the roadblock to productivity.

Getting back to The Price is Right, I thought it would be interesting to look at some of the different games played on the show and see how the contestant tackle each risk and how it can apply to our profession as project managers.

As I had a chance to watch the show for the sake of "science" and writing this article I realized there were several different games each with their own risk factors. Some of these games would be more difficult to win based on the high level of the risk. It was very evident the contestants who succeeded most at these games were the ones who have accurately calculated the risk and tried to maximize their chances to win. The risk level on the show could be categorized from low risks ("50-50 chance") of winning to high risks ("1 in 10 chance") of winning. Obviously the latter being more difficult and generally having the higher dollar reward.

With the "50-50 chance" game it is obvious you would have a better chance of winning as compared to the "1 in 10 chance" game. How is this any different than you as the project manager or project team putting a weighted average to an occurrence that might come up and bite you during a project? If you have identified a risk and have a "50-50 chance" of something going wrong, you will be more apt to put a risk plan in place to mitigate the risk. The fact that your calculations are based on the higher probability that it will occur would force you into an action plan. While a risk that might develop "1 out of every 10" times may force you to make a decision that the likelihood of the risk is less apt to be a

concern and become an acceptable risk. Never the less, be aware of the laws of probability to protect yourself. Murphy's Law of "What can go wrong, will go wrong" can always strike when you least expect it. You should always be prepared to protect the project and defend your actions. Remember, it is your project and at the end of the day your responsibility. You cannot afford to choke off the project, but you cannot expose its' under belly either.

Another game played is "Punch Bunch" where the contestant has four chances to win four prizes by guessing if the price of the prize is higher or lower than the listed price. Each time they guess the right price they win a chance of punching through a covered slot to win money. However, each time Bob Barker reaches through the slot and prepares to pull out the money award he will ask the contestant if they want to stay with their current winning or risk it all for a higher prize. Here is a perfect example of a 50-50 risk/chance becoming more complicated than it first appears as other factors are introduced into the process/project stream that was not first identified. Unanticipated risks are the soul of the risk mitigation plan and always complicate the equation.

Probably one of the most exciting games played on the show is "Blinko". This is a game where the contestant gets four chances to pick a price of a product and receive up to four chips. After winning the chips, they slide the chips down the "Blinko" board into slots that range from zero to ten thousand dollars. Here again is another example where you have something in your hand but you cannot gain the value of the prize until you go the extra step and attempt to put one of the chips into the slots.

By far the biggest thrill on this show is when the prize is a car. The Price is Right game show has several different versions of this "give away" but each game shares in the same point: the risks in getting this prize is higher than most of the other ones. Take for example "Let' Em Roll", whereby the contestant has to roll a die five times. Each time the number comes up on the die they have to guess if the number on the die is higher or lower than the price/number on the car. The contest risks go up if the exact number on the die does not match that of the car's price. Not knowing the exact price of the car, the contestant risk making a mistake when they do not get exact matches. Guessing the price of the car and then correlating what they rolled, depends on what type of car it is, the ability of the contestant to have some familiarity of the car's make and model, and cost or just be lucky enough to roll the exact number in the price of the car. All of these same situations can appear in any one of your projects.

They say timing is everything in the business world and this article is no exception. On March 10, 2006, while I was working at my desk and writing this article, I was listening to the WNBC New York Channel 4 Today Show, and they were reporting on of all things the correlation between how people play on game shows and how they manage personal finances. Those who are the high risk takers on the game shows seem to take the same proportion of risk in their home

finances. I first thought I was working on my second copyright article in all truth, but unbeknownst to me, this study had been going on for some time. So in all honesty even though I cannot claim total rights to this concept, I still feel these studies justifies my original premise, that how we act in life affects how we act in business. In the end I feel justified in my original epiphany.

I suggest one day you take a break from your projects and watch The Price is Right. When you hear that famous line, "Come on Down, you are the next contestant on The Price is Right." Take a closer look, I just might be the guy wearing the funny hat and taking those calculated risks!

In the project you may be managing now or in the future, do not be afraid to take risks, but make them calculated ones with a very good mitigation plan. It is far better to assume the worst and have a mitigation plan in place, than to be standing in front of a Director or Vice President and stumbling to answer their question: "Why didn't you think about that issue ahead of time?" In the end when the project begins to fall apart and costs begin to escalate the price will never be right.

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