
Project Business Management¹

Survival Hints for Project Business

Oliver F. Lehmann

“in time of crisis, character become visible”
—Helmut Schmidt²



Summary

Project business is present when paying customers assign paid contractors to do project work for them under contract. The current Corona crisis poses specific risks for organizations and professionals involved. How can we respond to them?

¹Editor's note: This series of articles is by Oliver Lehmann, author of the book "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018. See full author profile at the end of this article.

² (Bundeskanzler-Helmut-Schmidt-Stiftung, 2020)

Why the Corona Crisis Matters so Much for Project Business

Project business is at the core of today's project economy: The move from cross-functional to cross-corporate projects.

Examples of Project Teams

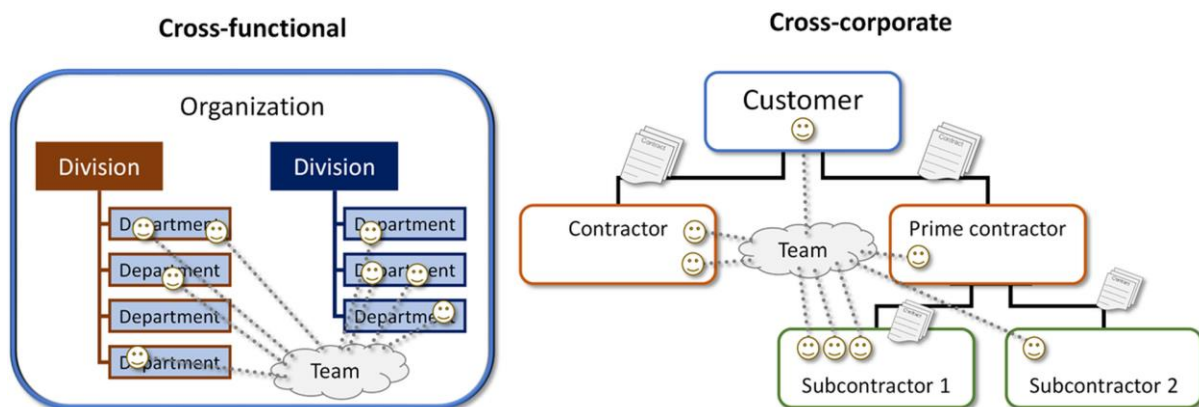


Figure 1: Cross-corporate projects at the heart of project business management, driving the project economy

The current crisis met players in project business unprepared. Among all business disciplines, project business has the lowest number of experts, literature, software, and offerings for education. Most people and organizations involved in project business learn it by trial and error. However, trial in project business is expensive and error even more. Now, in a major crisis, trial and error are the direct way into insolvency.

Professionals and organizations need immediate help to survive the crisis, caused by the infamous Coronavirus. How should they respond to it?

For the moment being, we observe a breakdown of systems we rely on as project contractors and customers. Communications of course, is one of them, when we are forced to distance ourselves socially (e.g. here) and have to reduce contacts to online calls and meetings. Other systems impacted include conferences, congresses, and other physical events where project vendors and clients find each other. Even courts of law will be impacted, when they can no more convene, making it hard to resolve conflicts in a civilized manner (e.g. here).

In a major crisis, trial and error in project business are the direct way into insolvency.

Insolvencies will be another disruptive factor. I have long warned that bankrupt project contractors and customers can have a devastating effect on the success of a project's mission. There is no doubt that we will see companies go bankrupt in huge numbers in the coming months, and we should be prepared that among them will be some of those with whom we make project business.

The Baseline Shift

Experience shows, the development that has a shocking, debilitating effect on people today will feel as normal in a surprisingly near future. People will somehow learn to cope with the restraints of social distancing and use the means that are in place even more to keep family contacts, friendships, education, economy and more alive. That's the positive side and the basis of a social and economic rebound.

The negative side: Business models will cease to work. All those that build on moving people and giving them spaces to physically come together and interact. While the crisis is (hopefully) a temporary thing, the insolvencies it will cause will be lasting.

There are more negative sides. Not all project business can be moved into virtual spaces. If you are in software development or in organizational change, you will not have too many problems doing that. However any profession - and project - that requires physical proximity among people will come with increased risk of infections.

The baseline shift that yesterday's shock turns into tomorrow's normal will be the foundation of economic and social recovery. So, as players in project business, we have two goals: Surviving the crisis and positioning ourselves to be successful when the recovery begins, what ever this may look like.

Hints for Survival

So, here are seven hints that can help survive:

Hint #1: Clean the Project Portfolio and Terminate Zombie Projects

As a customer, you may have a number of projects in your portfolio that had no chance to be successful right from the start or turned into zombie projects soon after start. However, sitting in a "Bus to Abilene", no one was prepared to do the first step to terminate them. As a contractor, the same may be true for you: You have customer projects in your portfolio that do not contribute to your profitability, stretch your liquidity due to outlays and unpaid work. There may have been contractual requirements on such projects that were not feasible right from the start such as illusory deadlines.

Zombie project are often launched to appear active, while the decision makers in charge are actually procrastinating. They can point to the project and say: "Look at the project, we are already doing something. We are in the process, we are active." They may be a fig leaf for poor leadership.

The Corona crisis that we see today had (and still has) political leaders inactive, as if they were under debilitating shock. For the first time in their career, it is not sufficient to be mediocre

and avoid errors. They have to lead through crisis. They will then happily point to actions they have made, ignoring the fact that these action were predictable failures. Zombie projects.

Zombie projects threaten the integrity of an organization, the motivation of people involved and the liquidity of an organization. Now may be the best time to discuss them internally and with the other parties in project business. In times of crisis, decisions are possible that would not be at other times.

Hint #2: Don't Risk Your Staff's Health

On both sides, customer and contractors, it may seem contractually mandated to force people to be physically present, when work from a distance, typically from home, could do the job as well. Complying with a contract is an essential element of project business, however so is respect of the needs of people involved. Talk with your customer or contractor to find solutions.

It also works over the contractual interface: Don't insist on physical presence of your project customer or contractor when a phone call or web conference can serve the same purpose.

Apart from the moral aspect: You may need these people later again.

Also be aware that in many locations, kindergartens and schools are closed. People have to look after their children at the same time. And children need their parents even more, the time of crisis is unsettling for them too. The Corona crisis forces us to rethink work-life balance, as for many people, there is no more local separation of the two domains of life.

Another aspect are people who have a tendency to being depressed. The call to "shelter in place" does not sound too different to "hide in your shelf", and some people may be thrown out of emotional balance. It is recommendable to also take care of their mental health, they may be needed again later. Employees Assistance Programs (EAP) are already readjusting to help people perform at work when this work takes place in a – potentially – depressing home situation.

Hint #3: Be (even more) Careful with Whom You Make Business

An old saying goes: "Poverty and wealth bring strange visitors into the house." Take care of the people you are dealing with. In project business, this should go without saying (I have written about it here³), but it has additional value today. You will see a lot of organizations and individuals go insolvent these days. However, insolvent people and organizations as customers or contractors can become a problem months before they finally go bust. They will

³ (Lehmann, 2019)

make decisions to rescue their own business, for which they have perfect explanations, but your interests will not turn up in this explanations.

"Poverty and wealth bring strange visitors into the house."

We see the same happening in the way politics deal with the Corona crisis. It is declared a national crisis, when it is a global one. Fiefdomism is contra-productive to dealing with the crisis, however, vicious competition has been opened for protective gear and also for companies that have more or less promising development projects in their pipeline for vaccines and treatments of the pandemic. While this competition may make some profiteers very rich, it does not contribute to the resolution of the crisis.

Also, expect peddlers, scammers, and fraudsters. People with corrupt intent. Divisive people, at a time when we should instead come together to work for joint mission success. People who place their private and often short-term interests over those of the project and finally society. Times of crisis are the times that their questionable business finds the best climate to blossom.

Hint #4: Study Your Project Contract(s)

In many projects under contract, project managers on customer and/or contractor side do not know the contract.

They may have never seen it. Or, it may have been given to them, but noticing its thickness and use of incomprehensible legaleze, particularly under Anglo-American law, a project manager may have decided that he or she has something more urgent to do. He or she may consider the contract the perfect read for next week. and then the next week again, and so on.

Sometimes, project managers have read the contract but being not educated to understand it, they didn't. Or they forgot it over time, the contract is thick and many things happen over a project day that employ the project manager's memory.

This crisis is the time to study the contract. Focus on risks and opportunities. Build scenarios: What if the project customer or contractor needs to do or deliver certain things and does not do it? Cannot do it? In addition, focus on matters such as applicable law and place of court - the risk of a lawsuit is much higher than normal.

Another part of these studies: Check if your company (or you as an individual) are doing enough to document the details of the project including work, deliveries, and payments. In the worst case, a lawsuit, you will win or lose, depending on the completeness and quality of your documentation. Hopefully, you do not want a lawsuit, but if it comes to that, be prepared, and the most important preparation for a lawsuit is documentation.

Hint #5: Take Care of Your Liquidity

If people or organizations owe you money or other things of value, this is not the time for excessive patience. This crisis is also a peak time for insolvencies. Your risk of loss is simply too high. Make sure, outlays are limited and due payments are collected before the debtors go bust.

Particularly for project contractors: Make sure that all work and deliveries are immediately documented and billed to the customer. In a crisis, a late invoice could mean that the customer goes bankrupt meanwhile and the money is lost forever.

But also for project customers: A delayed delivery or service may have the same effect. An insolvent contractor is not able to deliver things that you possibly have already paid, partially or in full.

Hint #6: Keep Your Assets Intact

This includes tangible assets: Your infrastructure, equipment, and all other things that you need to keep your project business running in difficult times. Dysfunctional systems may finally prove much more a burden than the efforts and costs of keeping them functioning.

When the crisis comes to an end, you want to be there, functional and able to serve and deliver.

Assets include human assets. For the time after the crisis, it is hard to make predictions on the marketability of specific skills, however, effective virtual work is likely to be near the top of the list. Use the time of low work load to qualify staff for future demands, and make sure this will be visible⁴.

Assets also include management attention. The scarcest asset in most organizations, and one that is hard to maintain during the time of crisis. Today, it includes the application of business acumen, informed decision making and a lot of empathy.

It also includes intangible assets, such as the reputation of an organization or individual, the motivation, team spirit, and creativity of a team. It is easy these days to damage that through a lack of consideration and empathy.

⁴ As an example, the Project Business Foundation has a fully virtual program for an Approved Consultant & Educator (ACE) in project business, that allows the use of a seal as a signal to other business (Project Business Foundation, 2019).

Hint #7: Nurture Your Networks

Looking at past social and economic crises such as plagues and major wars, it seems obvious that those survived best, who maintained strong social bonds with others. When the crisis comes to an end, these are also the people who are the fastest to rebuild success and prosperity.

Keeping bonds intact is far more difficult in times, when we are forced to look for shelter at home. However, the need to help others and ask others for help remains, and if we are honest, modern technology makes it easier today than at any time in the past.

This may also be a good time to resolve some existing conflicts. Consider using mediation and arbitration for that. Do what is necessary to overcome conflicts. There are people, where this is not possible or desirable; get on distance to them and ensure that they will not damage your reputation.

Among those we disagree with may be people we need in future. Better they do not hold a grudge against us when the time comes to work together again.

You Can't Survive the Crisis Alone

You probably cannot survive the Corona crisis alone. Many situations are best understood looking from inside, but others are better assessed from a distance. I warned already of fraudsters, people who will promise you quick help that no one can honestly give. You will need to navigate around them, when you try to find experts, who can help you make better decisions for the multitude of challenges you are facing. People with competence and empathy.

These people are still scarce and their schedules are well filled. Time, possibly, to rebuild existing networks and expand them with new people.

References

Bundeskanzler-Helmut-Schmidt-Stiftung (2020) „Charakter zeigt sich in der Krise“, 13 March [Online]. Available from: <https://www.helmut-schmidt.de/aktuelles/nachrichten/detail/artikel/charakter-zeigt-sich-in-der-krise/> (Accessed: 30 March 2020).

Lehmann, O.F. (2019) 'Before you are bound forever.', *PM World Journal*, 8 (1), January [Online]. Available from: <https://peworldlibrary.net/article/before-youre-bound-forever/> (Accessed: 30 March 2020).

Project Business Foundation (2019) *ACE Qualification*, December [Online]. Available from: <https://www.project-business.org/programs/ace-qualification> (Accessed: 30 March 2020).

Copyright Note

All illustrations: ©2020 Oliver F. Lehmann

About the Author



Oliver F. Lehmann
Munich, Germany



Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the President of the [Project Business Foundation](http://www.project-business.org), the home association for professionals and organizations involved in cross-corporate projects.

He studied Linguistics, Literature and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree. Oliver has trained thousands of project managers in Europe, USA and Asia in methodological project management with a focus on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998, and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch", analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience and observations. He resides in Munich, Bavaria, Germany and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

-
- "[Situational Project Management: The Dynamics of Success and Failure](#)" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016
 - "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.