

How to Write a Project Proposal



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HOW TO WRITE A PROJECT PROPOSAL

INTRODUCTION

Purpose: The purpose of a project proposal is to determine if a proposed project is feasible, practical, and worth pursuing.

Who Writes the Proposal? The project proposal is usually developed from discussions among key stakeholders, and is generally written by marketing personnel, a project sponsor, or a project manager.

What Should a Proposal Contain? The project proposal should address at least the following questions, but this too depends on the corporate culture, and should therefore be adapted accordingly.

PROJECT PROPOSAL

A new project should be authorized *only* if it successfully addresses each of the following questions:

1) How will this project solve the problem, or meet a need?

New product projects must be based on meeting a need or solving a problem. For commercial products marketing personnel attempt to identify needs within a market segment. In some cases, a customer may define its needs and seek a corporation that can best meet them. Another marketing strategy is to identify a problem to be solved within a market segment. It is this need, or opportunity, that becomes the fundamental reason for considering a new product project. This aspect of the proposal should consider the following aspects:

- Describe the problem to be solved or the need to be met.
- Describe the factual evidence that defines the problem or need.
- Verify the accuracy of the factual evidence, both qualitatively and quantitatively.

2) Proposed Solution?

Next, the solution to the need (or problem) is to be evaluated. How well does it meet the need? Who are the competitors, and how will the new product fit into the market window?

3) What will be the goal of this project?

In most cases, the problem solution becomes the goal of the project. Whenever possible, the goal should be:

- Specific
- Measurable
- Achievable
- Relevant to the corporate strategy
- Time-lined.

4) What are the product (or service) requirements?

Either marketing personnel, or a customer will identify the product requirements-- what the product is expected to do, and how it must perform. Requirements at this stage are embryonic and will be defined during the project planning processes. Most customers don't know what they want until they know what you can provide.

5) Is this project aligned with corporate goals and strategies?

The proposed project should be evaluated against the overall strategies of the corporation to ensure that it is properly aligned with its strategic goals. Business strategies may include any one of the following:

- *Delayed Revenue Generation.* Defer immediate return on investment in favor of generating revenue from long-term product operations and support.
- *Market Penetration.* Saturate market at near cost value to become the dominant leader.
- *Immediate Revenue Generation.* Produce a maximum return on investment in the shortest possible period.

6) What is the overall scope of work required for this project?

Provide a top-level description of the overall scope of the project. At this point, not enough information is typically available to describe scope in detail. This will take place during the initial planning stage of the project. However, the general description of the project's scope should be sufficient for making rough estimates of the project's schedule and costs.

7) What obstacles and risks will this project face?

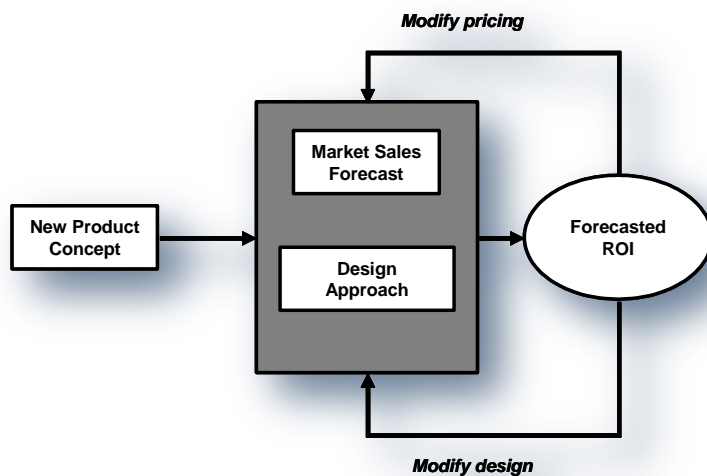
Any identifiable obstacles and risks (threats) that might prevent the successful attainment of the project goals must be considered. Each risk must be analyzed, quantified, and prioritized as much as possible with the information available at this stage of a new project. Risk responses, including mitigations, risk sharing, risk avoidance, and risk tolerances should be described in this portion of the project proposal.

8) How long will this project take (schedule)?

Once a general product concept is established, and its requirements are proposed, an estimate of the project's duration is to be made. Since most information at this stage is very general, only a top-level schedule duration estimate can be made, and it is usually given as a range estimate, such as "the schedule duration is estimated to be between 19 to 26 months."

9) How much will this project cost?

Order of magnitude cost estimates are also made as part of the project proposal, and like the schedule estimate, are usually given as a range, such as, "the cost is estimated to be between \$2.1 to \$2.6 Million." Cash flow tables, projected return-on investment, and funding requirements are also considered in this step.



Projected ROI depends on the market size, the estimated market share to be gained, and the cost per unit. Before marketing and sales personnel can determine the quantity of units to be sold in a given commercial market, a design must be proposed. The product design at this stage need not be a detailed design since that would be impractical. The most likely individuals to propose new products designs would be the project manager and the functional managers. Marketing and sales personnel can then take the proposed designs and examine the ROI in a given market. Should the ROI be deemed too low, the designs can be modified until an optimal design vs. sales ROI is attained. Techniques such as "conjoint analysis" can greatly assist with this process.¹ The figure below illustrates how this design vs. pricing iteration cycle takes place.

¹ Conjoint analysis, also called multi-attribute compositional models, is a statistical technique that originated in mathematical psychology. Today it is used in many of the social sciences and applied sciences including marketing, product management, and operations research. The objective of conjoint analysis is to determine what combination of a limited number of attributes is most preferred by respondents. It is used frequently in testing customer acceptance of new product designs and assessing the appeal of advertisements. It has been used in product positioning, but there are some problems with this application of the technique.

10) What resources will be required by this project?

Before a project can be authorized it is vital that a corporation consider the resources needed to support it. Resources include needed personnel, equipment, facilities, processes, and funding. Should insufficient resources be available it may be necessary to either outsource portions of the project, or reduce its scope to fall within available resources.