

Identifying and Rescuing a Project that is in Deep Trouble

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Agenda

- Why Project Failures Matter
- Project Escalation
 - The CONFIG Project: An Escalation Case
 - Key Factors that Promote Escalation
 - The Escalation Process
- How to Stop Escalation in its Tracks
- The De-escalation Process
- 10 Steps in Rescuing a Deeply Troubled Project

Why Project Failures Matter

- They occur frequently
- They are costly
- They can disrupt business
- They can alienate customers
- In extreme cases, they can lead to bankruptcy

The Essence of Escalation

***Some projects never seem to terminate . . .
“they become like Moses, condemned to
wander till the end of their days without
seeing the promised land.”***

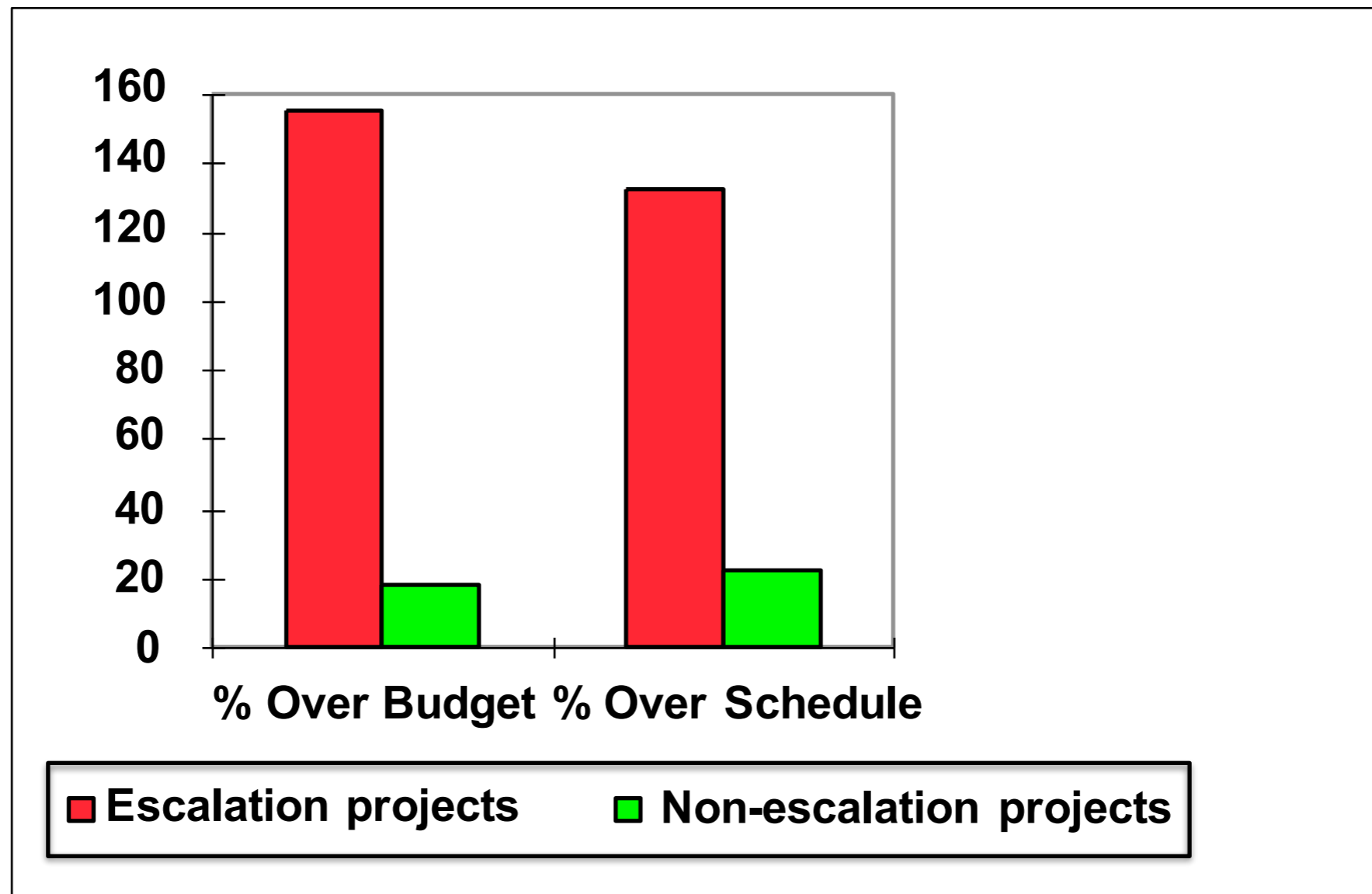
(Keider, 1974)

The Concept of Escalation

- Several different types of factors can contribute to escalation
 - Project factors
 - Psychological factors
 - Social factors
 - Organizational factors

Frequency & Severity of IT Project Escalation

- 30-40% of all IT projects exhibit escalation
- Half of these projects escalate for a year or more
- These projects go way over budget and schedule

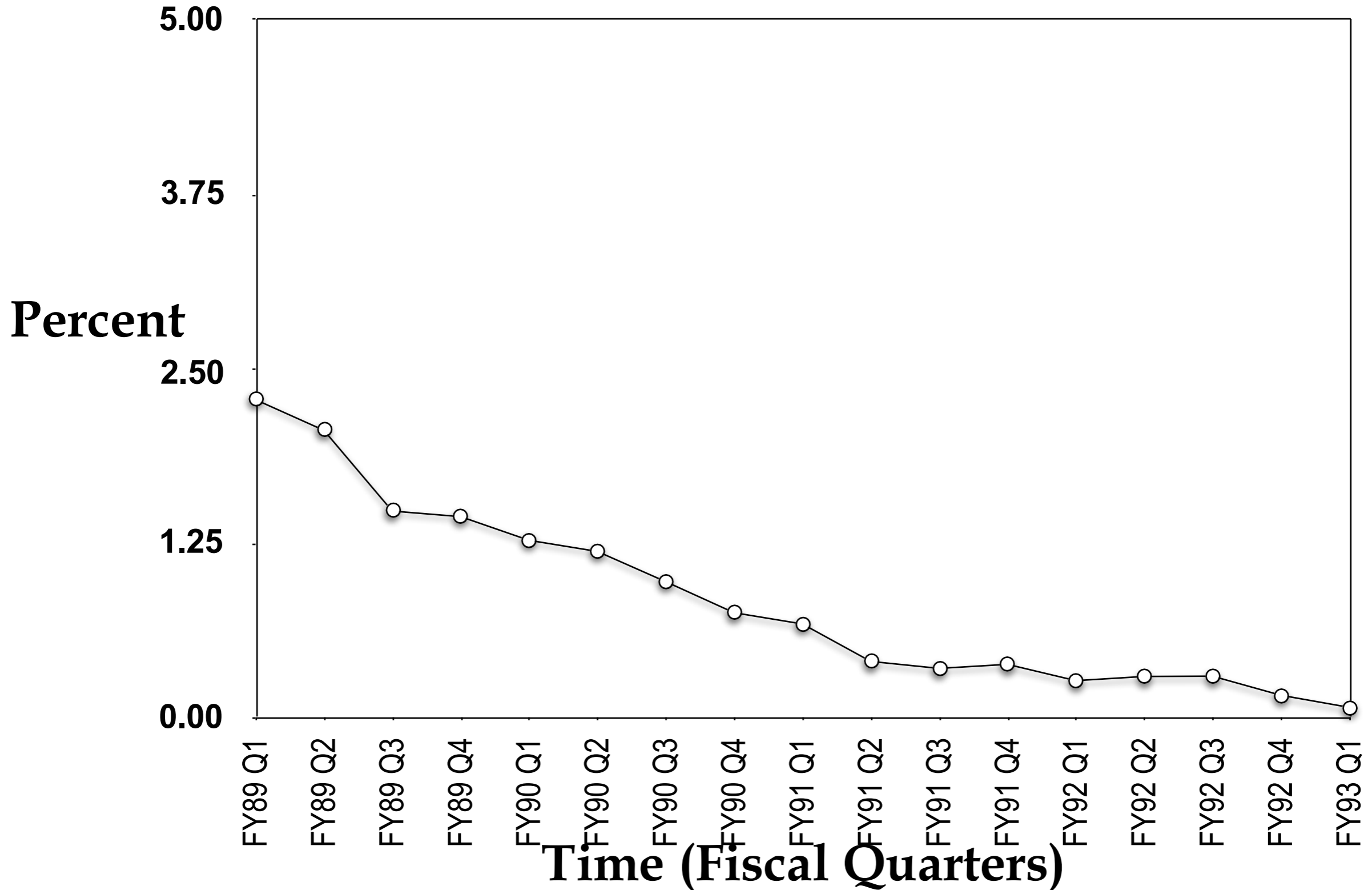


The CONFIG Project: An Escalation Case

- This was an AI-based system to help sales reps configure computer hardware.
- Despite substantial user involvement, the system failed to gain acceptance for two reasons:
 1. Developers didn't understand the sales process and built CONFIG as a standalone system instead of integrating it with the company's price quotation system
 2. Sales reps had no incentive to use the system
- After millions of dollars and more than a decade of effort, the project was terminated.

Evidence of Escalation

CONFIG Usage as a Percent of System Quotations



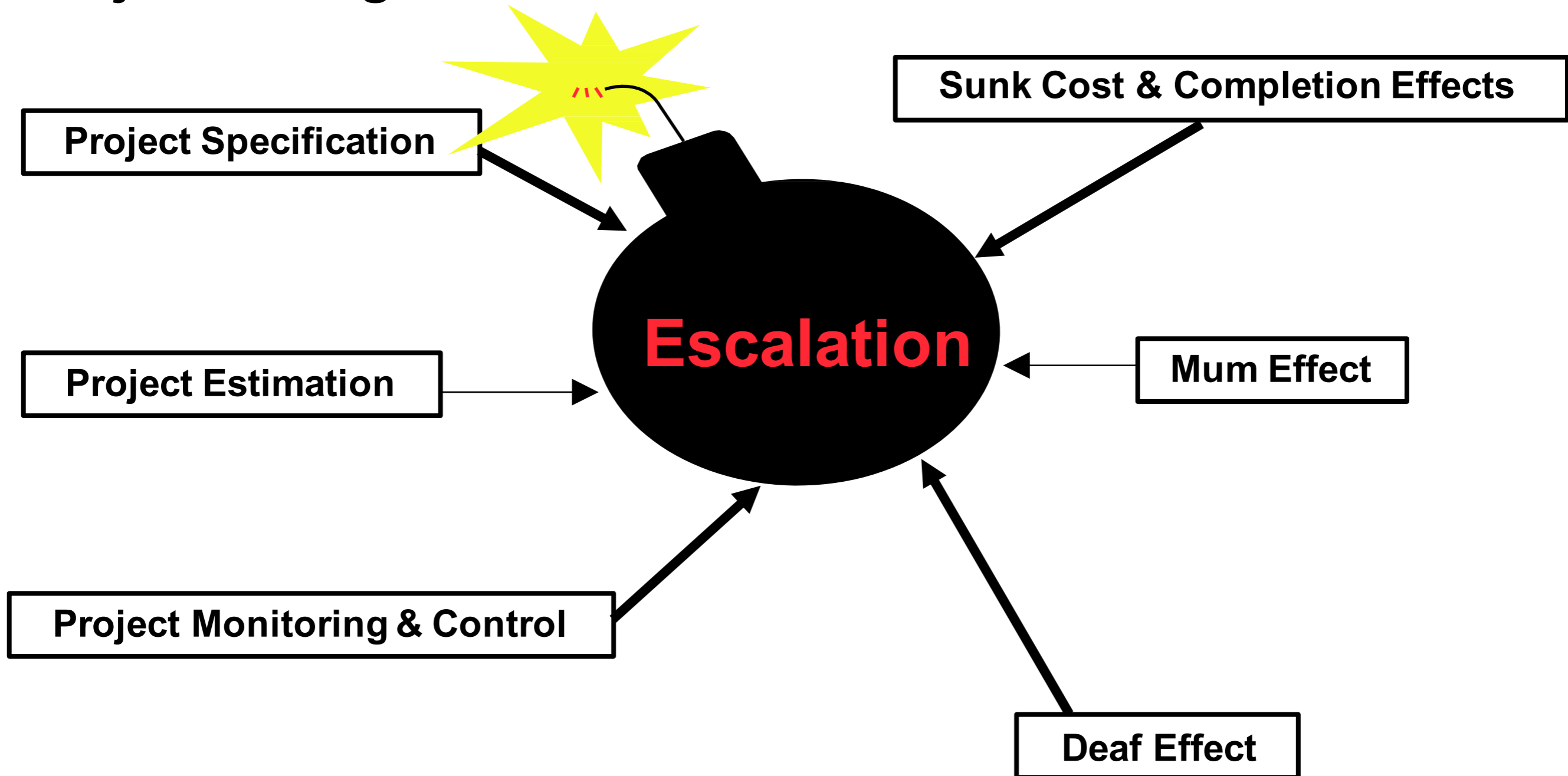
How Did This Happen?

- They treated the project as an R&D investment
- Denial of negative information
- Emotional attachment
- Rivalry between sales and manufacturing
- Empire building
- Company culture that promotes escalation
- Loose management controls

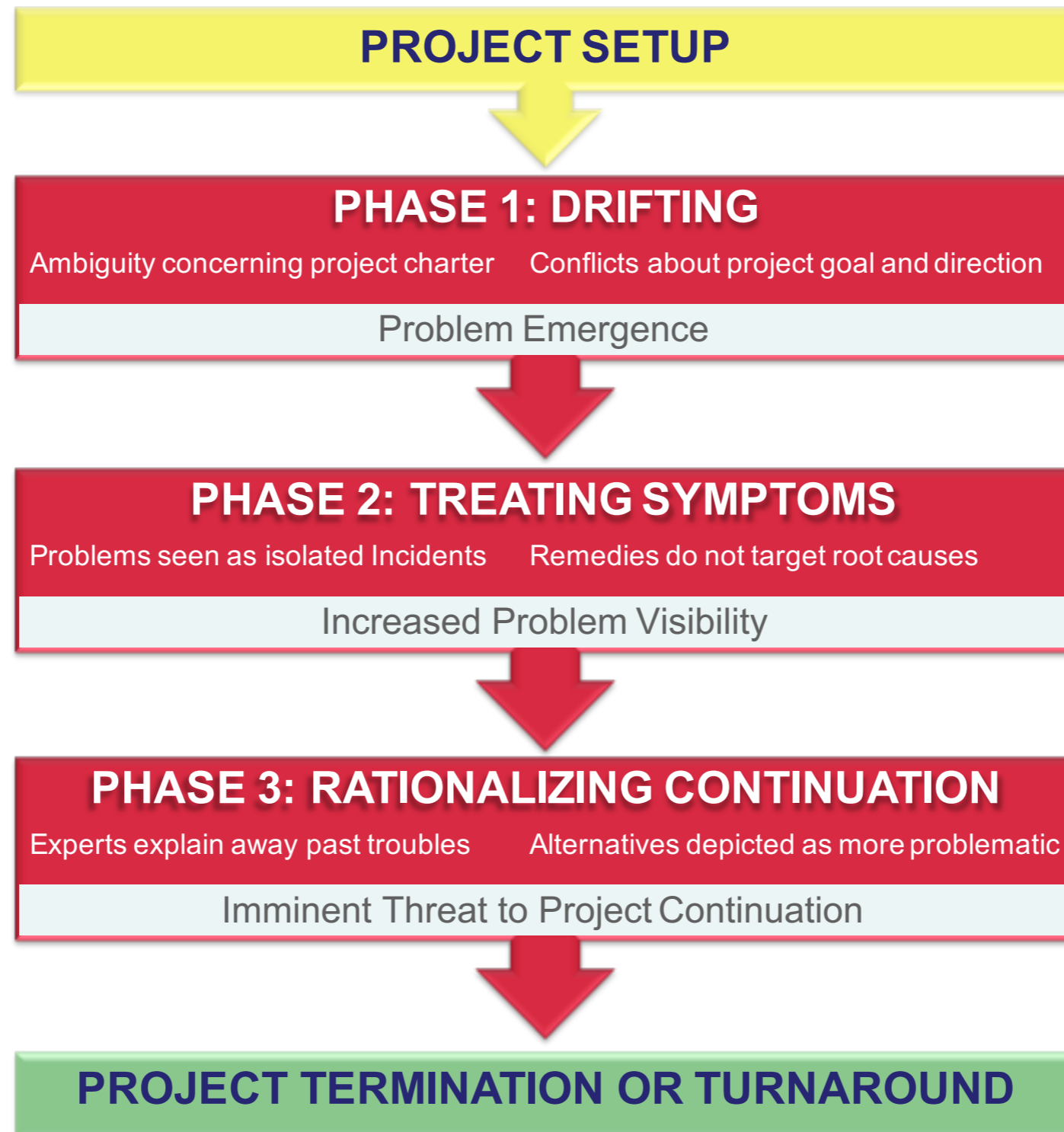
Key Factors that Promote Escalation

Project Management Factors

Behavioral Factors



The Escalation Process



Is Your Project Drifting?

1. The project has been going on for some time without consensus among key stakeholders regarding the objective(s) of the project.
2. The project has been going on for some time without agreement regarding *how* best to achieve the project objective(s).
3. Although considerable time and money has already been spent on the project, there appear to be few, if any, deliverables to date.
4. Work continues on the project in spite of a vague or ambiguous project charter.
5. Conflicts regarding the goals and direction of the project remain unresolved.

Are You Tackling Underlying Causes of Problems or Just Symptoms?

1. Project-related problems are being addressed in a superficial way.
2. As soon as one problem is addressed another one emerges.
3. Each problem that occurs is described as isolated from other problems and is treated independently.
4. Actions taken to solve problems constitute minor adjustments or “quick fixes.”
5. Problems are seen as being addressable without any need to review or reconsider the current project goals or direction.

Are You Rationalizing Continuation?

1. Proponents of the project keep coming up with new reasons for why the project must be completed.
2. Experts have been enlisted to “evaluate” the project but may be motivated to advocate for continuing the project.
3. A growing number of people outside the project are now raising doubts about the wisdom of continuing the project.
4. As projected expenditures rise, experts portray alternative solutions and project abandonment as even more costly or problematic.
5. Despite growing recognition that the project is in deeply troubled, people fool themselves into thinking that pressing ahead will eventually lead to success.

How to Stop Escalation in its Tracks

- Stop drifting
- Stop treating symptoms
- Stop rationalizing continuation

Stop Drifting

- Freeze the project or reduce headcount (at least temporarily)
- Get a small, good team to reassess and re-plan
- Make a clear go/no-go decision

Stop Treating Symptoms

- Break the habit of solving problems by throwing money at them
- Stop trying to fix the project one symptom at a time; this is futile
- Put your best people on the project and resolve the root causes

Stop Rationalizing Continuation

- Be suspicious toward new rationales for why the project 'must' continue
- Bring in outside experts to review the project
- Create transparency and visibility for a broader set of stakeholders
- Conduct hearings on the project's future

Steps that can Help De-Escalate a Deeply Troubled Project

- | Make problems visible
- | Define and publicly state limits beyond which a project will cease to receive funding
- | Clearly define and publicly state success criteria
- | Be results oriented
- | Evaluate the project regularly
- | Make sure the person responsible for project evaluation isn't the same person who was responsible for project approval

The De-Escalation Process

Phase 1

**TRUE PROBLEM
RECOGNITION**

*Within-phase
De-escalation Catalysts:*

**Recognize negative
feedback**

**Respond to
external pressure**

Phase 2

**RE-EXAMINATION
OF PRIOR COURSE
OF ACTION**

*Within-phase
De-escalation Catalysts:*

**Clarify the
magnitude of the
problem**

**Redefine the
problem**

Phase 3

**SEARCH FOR
ALTERNATIVE
COURSE OF ACTION**

*Within-phase
De-escalation Catalysts:*

**Identify & legitimize
an alternative
course of action**

**Manage
impressions**

Phase 4

**IMPLEMENTING AN
EXIT STRATEGY**

*Within-phase
De-escalation Catalysts:*

**Appeal to
stakeholders**

**De-institutionalize
the project**

Key Roles in the De-Escalation Process

- | Messenger
- | Exit Sponsor
- | Exit Champion
- | Exit Catalyst
- | Exit Blocker
- | Legitimizer
- | Scapegoat

10 Steps in Rescuing a Deeply Troubled Project

1. Stop
2. Assign an evaluator
3. Evaluate project status
4. Evaluate the team
5. Define minimum goals
6. Determine whether minimum goals can be achieved
7. Rebuild the team
8. Perform risk analysis
9. Revise the plan
10. Install an early warning system

(Bennatan,2006)

Step 1: Stop

- | Stopping the project has two key benefits:
 - | It focuses everyone's attention on the de-escalation process
 - | It signals that the project will not be allowed to continue to escalate
- | Before stopping the project you should:
 - | Have a de-escalation champion
 - | Have a work plan for the project team so that they are not sitting idle
 - | Brief key players
 - | Prepare for opposition
 - | Prepare to present your plan
 - | Begin a search for a project evaluator

Step 2: Assign an Evaluator

- | The more distant the evaluator from the project, the better
- | Recruiting an outsider as a project evaluator increases the likelihood of getting an unbiased evaluation
- | A good choice for an evaluator is a successful project manager who is:
 - | Reliable
 - | Pragmatic
 - | Experienced
 - | Familiar with the project environment
 - | Socially adept
 - | Able to devote the necessary time

Step 3: Evaluate the Project

- | The goal here is to determine the actual status of the project
- | Plan the review carefully including people to be interviewed, documents to be reviewed, etc.
- | Enlist the help of experts
- | Work closely with the team
- | Identify key stakeholders and include them in the process
- | Update management regularly
- | Maintain objectivity

Step 4: Evaluate the Team

- | Can the team successfully deliver the project?
- | Does the project manager have the required leadership, technical skills, and social skills to lead the project team?
- | Do the project team members have the technical skills needed to do their job?
- | Are all positions filled with the right people?

Step 5: Define Minimum Goals

- | The project should be reduced to the smallest size that achieves only the most essential goals
- | Work with key project stakeholders to divide the project requirements into three categories:
 - | Essential requirements without which the project will have no appreciable value
 - | Important requirements that greatly improve the project but are not essential
 - | Nice-to-have requirements that add to the project but are not especially important

Step 6: Determine If Minimum Goals Can Be Achieved

- | Ensure that the reduced goals are documented and agreed to by all key stakeholders
- | Prepare preliminary estimates for the work required to deliver on the new goals
- | Re-evaluate the technical feasibility of the project
- | Prepare a high-level schedule to help establish whether the goals can be achieved in a reasonable timeframe
- | Consider how confident the team members (and the project manager) are in their ability to achieve the new set of goals

Step 7: Rebuild the Team

- | Introduce only those changes that are required to enable the team to achieve the project goals
- | Depending on the problems identified, you may need to:
 - | Replace team members
 - | Replace the project manager
 - | Rebuild morale and team spirit

Step 8: Risk Analysis

- | The objective of this step is to anticipate and deal proactively with problems that could:
 - | Disrupt the project
 - | Reduce the chances for a successful turnaround
- | This involves:
 - | Identifying and analyzing risks
 - | Coming up with appropriate mitigation and contingency plans

Step 9: Revise the Plan

- | Build on elements of the previous plan where it makes sense to do so
- | Follow a structured project planning process
- | Develop a new project plan that, if executed successfully, will deliver on the new minimum goals defined earlier
- | Work closely with the team and with key stakeholders

Step 10: Create an Early Warning System

- | An early warning system will help to ensure that the project doesn't slip back into escalation mode
- | Four basic elements:
 - | Collection of project data
 - | Periodic project status reviews
 - | Identification of problems
 - | Corrective action