

Turnaround a Faltering Project

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If projects are part of your business, you know that many of them have the potential to fail. According to one industry source, approximately 30 percent of projects fail. And of those completed, about 50 percent do not deliver the business value necessary to recoup their initial investment. As the numbers suggest, it is not hard to fail...in fact project failure can be easy when both the cross-functional and relational risks are not identified and managed appropriately.

Many of the problems associated with project failure can be prevented, but in the event that a project begins to falter a disciplined approach must be followed to recover the initiative, forward your business objectives and ultimately your career (see graph on page 2).

Potential Failure Signs

The first step in turning around a project is to identify that the project is at risk. A failing project can typically be characterized by three factors:

- Missed deadlines
- Missed deliverables
- Cost overruns

In order to have a successful project turnaround, it is important to not only identify the signs of project failure, but to use those signs to offset the risks that can occur if action is not taken to get the project back on track.

Most failure signs can be categorized into three broad categories: politics, process and people. A successful project turnaround for a Project Managers, Inc. (ProjectMgrs) client serves as a good example. Our client, a top 10 ranked financial institution, recognized in the first quarter that they had run out of capacity to print year-end customer statements due to acquisitions and organic growth. This posed several potential risks to our client, including customer risk – customers would lose trust in their bank, operational risk – customer call centers would be deluged with account inquiries and reputational risk – the public's perception of the bank would falter. Consequently, the client initiated a project to implement significantly faster and more cost-effective print technology.

However, by August, the project sponsor noticed missed deliverables and year-end was quickly approaching. In short, their project was at risk of failing.

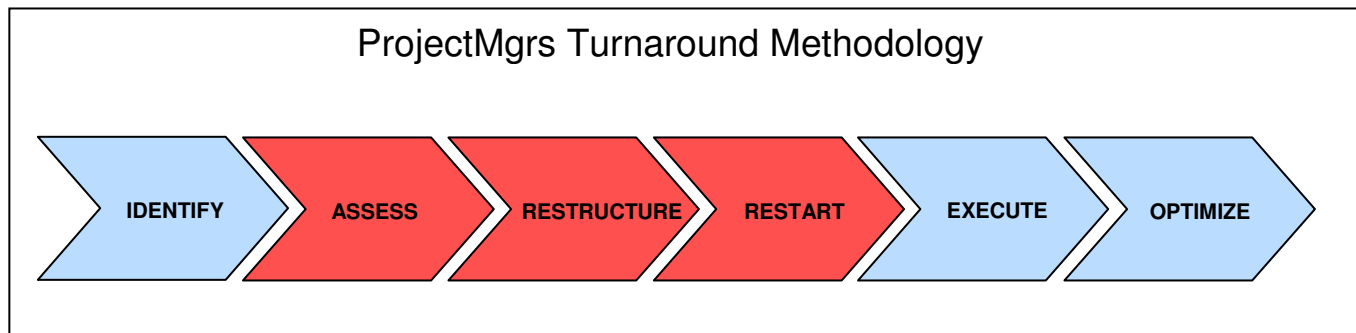
While not intended to be comprehensive, below is a list of some of the more common signs of a failing project along with some specific examples from our client's situation.

Politics

- Unrealistic expectations of stakeholders, sponsors and/or the project team – *Stakeholders, sponsors and the project team members were not coached on what the change meant to them so resistance was paramount.*
- Disagreement over the length of the project schedule or the cost of the project.
- Vague Scope and Business requirements and/or design specifications, frequent changes allowed to evolve over time – *No Steering/Governance group was created to ensure that changes/issues impeding progress were addressed.*

Process

- Disagreement on scope or what changes had been approved – *Documentation was non-existent therefore status and milestones were unable to be tracked and reported.*
- Missed milestones.
- Closing out project phases without all of the deliverables having been completed.
- Deliverables deferred to future project phases.



People

- Empty chairs at project meetings – *Roles and expectations of stakeholders were not identified so they did not attend meetings.*
- Executive sponsor or other stakeholders not engaged – *Stakeholders, roles and expectations were vague therefore they were not engaged.*
- Project team is struggling, unfocused and/or mired down in trivial details.
- Project team putting in too many long hours

Assess

Once it is established that a project is in trouble the next step is to begin the turnaround process by assessing the failure points. This is the point where a firm like ProjectMgrs is brought in to manage the turnaround, or you continue this process yourself.

There is obviously a lot at stake and those issues need to be cared for, which means that identifying all cross-functional areas of the project is essential. When our firm is brought in we look for both the *surface* failure points, as well the *hidden* failure points.

The surface failure points are the easiest to identify, such as the lack of a clear project charter. However, identifying hidden failure points means finding the “relational” or political risks associated with large cross-functional initiatives. To identify these hidden risks, a quick but necessary individual dialogue needs to occur between the assessment team and the project stakeholders.

Political problems often take the form of active or passive resistance to the project from both the business side and the IT side. What is the basis for the resistance? The answer to this question, if not recognized and coached, can sabotage a project’s success. Without identifying a project’s hidden risks, even the best-managed project turnaround will still most likely fail due to misaligned stakeholder agendas.

In our client's case, the technical support areas at the client site posed a "relational" risk because they were apprehensive about the new print technology, as they would have to learn how to support the new hardware/software. Identifying their apprehension was critical to the project's successful turnaround because they played a key role in the deployment of the new print technology and processes and also to the ongoing support of it.

ProjectMgrs was able to get the technical support team fully engaged in all project activities and sent off to training prior to beginning any testing of client print jobs within two weeks after the vendor installation of the hardware/software.

This particular project turnaround did not allow extensive time for studying or reviving prior missteps, which is often the case. Remember, if a project is failing that usually means that precious time has already been lost so a quick but thorough assessment is best.

Restructure

The primary objective of the restructuring phase is to mitigate the failure points – surface and hidden – that are revealed in the assessment phase. Once these failure points are identified and the assessment is complete, a meeting should be scheduled with the primary project sponsor to review the restructuring strategy to move forward and ensure that key objectives are met.

All too frequently project failure is blamed on technical issues. But in fact this is usually a symptom rather than the root cause of the problem. Time is better spent on restructuring the project based on the failures of the project. Restructuring efforts should be focused around short-term, measurable goals that address the project's failures.

A successful restructuring strategy will ensure that the project turnaround begins in a way that collectively gains momentum to hit key objectives. Because projects are usually midstream when the failure is identified, the restructuring strategy may require some prioritization of deliverables, resources, etc. to meet original targets in now compressed timeframes.

The restructuring strategy should include only those aspects of a standard project methodology required to ensure success. Unproductive project steps should be eliminated. The strategy should also include a quick status "dashboard" for project sponsor updates moving forward.

To eliminate unproductive process and steps in the turnaround, identify the original project charter (if it exists), any scope and requirements documents and utilize the components, if any that are working. For instance, is the communication process working? Are testing efforts producing good results? Are end-users appropriately engaged in the project? Is the coordination between the technical team and the business team working properly?

The first step in restructuring our client's project was to complete a project charter/scope document to ensure that everyone involved understood the project objectives and what was "in" as well as "out" of scope. This was leveraged to gain consensus with the newly formed Steering Committee and was completed in five business days.

In the restructuring phase, it usually isn't necessary to discard everyone connected with the project and start over from scratch; in fact ProjectMgrs discourages it. Our goal is to get your project turned around or implemented with a clear transition to your team.

Understandably, most project managers would love to be able to staff their project team with the absolute best resources available. Unfortunately, the best resources are usually in high demand within any company, and rarely available. Therefore it is up to the project manager to get the best from every team member.

It is during the restructuring phase that ProjectMgrs develops a “knowledge” transition strategy into the statement of work so that our clients become self-sufficient and not dependant on our firm or consultants after the turnaround is complete.

Restart

The primary objective of the restart phase is to develop a project workplan to implement the restructuring strategy. Key restart components may include addressing the “relational” or political risks that were identified during the assessment phase. The project restart may also require project sponsor/executive participation to align previously misaligned cross-functional agendas of the stakeholders.

As part of the success of our client’s project turnaround we were able to execute a quick, formalized process to restart the project. We began by engaging the appropriate stakeholders that would “own” the resulting product, service and contract. Our client originally chose their new vendor via a very informal process. In order to streamline the process, we issued a letter of intent to engage the vendor prior to final contract signing. This fostered the delivery of the new print equipment, associated software and special rolls of paper to the client site within three weeks of our team leading the project.

Your project’s restart should begin at a logical starting point that follows a proven project management methodology. Proceed in small, incremental steps that should be defined in the restructured workplan or scope in order to reduce risk and show success faster. Throughout the project, make the schedule and status very visible in order to ensure a common and accurate understanding.

Execute

ProjectMgrs recommends that the implementation of the restructured workplan be executed by the same project manager (consultant or internal) that participates in the assessment, restructuring and restart phases. This individual should have the political clout and past proven success to meet your previous objectives with your new project strategy.

Optimize

After the project is implemented and success is achieved, you should have a postmortem process that will address the project’s failure points – surface and hidden – by updating or modifying your company’s program/project processes or education to ensure similar failures do not occur in the future.

For example, as part of our firm’s services, we offer a complete program office analysis to assess the maturity of your organizational internal project management processes. We identify the gaps, potential risks and financial impacts and make recommendations to improve your program processes. These recommendations will enhance your organization’s ability to execute projects well and achieve their intended financial benefits.

Summary

No one wants to be held accountable for or associated with a failing or failed project. However, as the statistics show, failures do happen and everyone should understand the steps that need to be taken when a project starts to fail. By following the six-step project turnaround methodology we have discussed, you can avoid the potential risks that accompany a project failure.

Our client's year-end printing project was failing when ProjectMgrs was brought onboard in August. The actual year-end print was completed one week ahead of the prior year's schedule, which had a positive impact on both the client's customers and the print operations team.

The executive responsible for this aspect of operations was recognized as a leader by all other geographically distributed print operations sites – and eventually, they too, converted to the new print technology with his leadership.

As our example shows, there is no reason that a failing project cannot be turned around into a successful initiative as long as a disciplined approach is taken.

Karen McIsaac, PMP, is an expert in organizing, planning and executing large program/project initiatives. She has over 20 years of experience in delivering large business-driven initiatives with significant business, cultural and technological impact. Karen has assisted the firm's clients create success stories through achievement of project-related business objectives and management of the associated change. She is HelixPLAN certified.

Founded in 1998, Project Managers, Inc. is a niche consulting firm that helps manage strategic business change for companies in the Fortune 1000, not-for-profits and government agencies. For more information, please call 704.332.6611 or visit us online at www.projectmgrs.com.