



Minimizing the Risk Associated with Project Rescue

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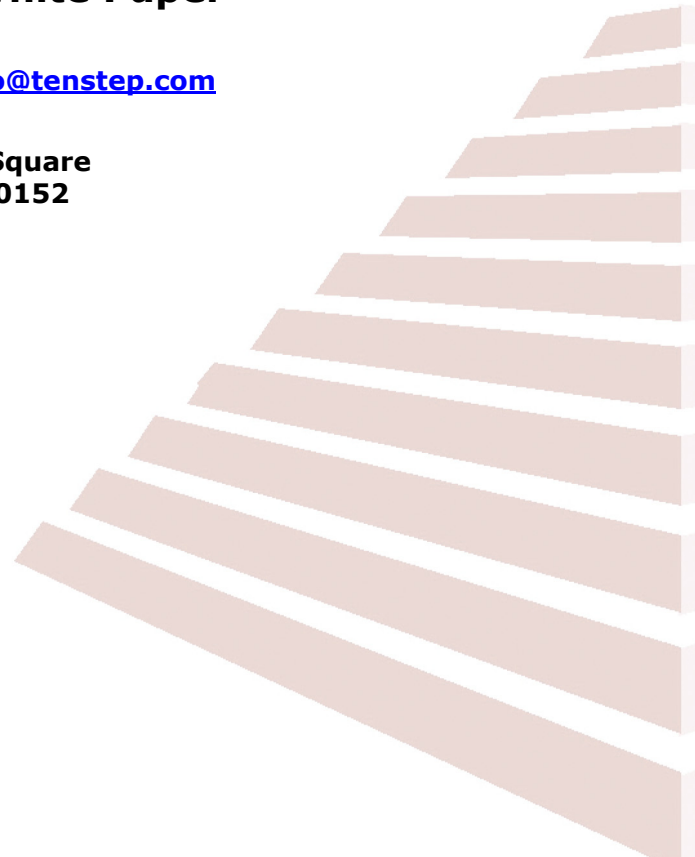
Minimizing the Risk Associated with Project Rescue

A TenStep White Paper

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Minimizing the Risk Associated with Project Rescue

Projects have problems. Most problems arise and are solved. On some projects however, the problems add up and are compounded to a point where they cannot be resolved successfully. These are sometimes called "troubled projects". These projects may limp along to the finish line. However, if the sponsor and management stakeholders have the perception that the project cannot get to the finish line, a project rescue should be attempted.

Project rescues are radical measures. A formal project rescue means that you have given up on the ability of the project manager to right the ship. Project rescue is not an attempt to repair a sinking ship. It is an attempt to raise a ship that is already underwater – perhaps on the bottom.

By their nature, project rescues are very risky. There is a lot that can go wrong and if you are not careful, the rescue can be dragged under just as the original project was. However, by structuring the project rescue correctly, you can manage these risks successfully.

Rule#1. Isolate the rescue work into a separate project

This is the key to success. Many organizations view project rescue as a time for the cavalry to come charging up the hill. Instead of just jumping in, the first thing that needs to happen is to recognize that the work to recover the troubled project is itself a project. The Rescue Project has a start and an end, resources, deliverables, etc. It fits all of the classic definitions of a project. Since it is a project, the first thing that needs to happen is a definition and planning process. Just as with a regular project, the definition and planning process gives you a chance to validate:

- The purpose of the recovery project (overview and objectives)
- The deliverables to be produced (scope)
- The other aspects of scope including validating the organizations, the portions of the project to recover, etc.
- The sponsor, project manager and other key stakeholders of the recovery project (project organization)
- The estimated duration and cost of the recovery project
- The assumptions and risks associated with the recovery project, and how the risks will be managed
- Who will be involved in the recovery project (project organization)

This definition and planning process does not have to take a long-time. It could be that it only takes a day or two. However, it is important to make sure that the project manager of the Rescue Project is in synch with the sponsor of the work that is to be done as a part of the rescue. Once the recovery project has been defined and planned, the sponsor and appropriate stakeholders should approve the Project Definition (Charter).

Rule #1A. Gain agreement with the sponsor on the deliverables of the Rescue Project

This is actually a subset of the first rule, but it is important enough to have its own rule. In many Rescue Projects, the primary deliverables are a revised Project Definition (Charter) and workplan for the troubled project. In many cases, the revised deliverables are radically different

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from the originals. Additional deliverables might include:

- New/revise Project Management Procedures
- New/revise Risk Plan
- New/revise Communication Plan
- New/revise team members, probably including the project manager of the troubled project

You want to Rescue Project to create or update the project management deliverables for the troubled project. However, the more work that is required from the Rescue Project, the riskier the recovery will be.

Rule #2. Assess the troubled project to determine what went wrong and why

It is very risky to propose alternatives for rescuing a project without doing an assessment first of the causes. As a part of the initial briefing, you are likely to talk with the sponsor or other senior managers. They will certainly brief you on the background and the problems. However, they are just one voice that you will need to listen to. Even information that comes from the sponsor should be validated and confirmed by others before the assessors make any decisions.

To be effective, the assessment must include:

- Project team
- Sponsor
- Client managers
- Users
- Vendors, suppliers and other third parties that have a high degree of involvement

Assessing all the major stakeholders will not only allow you to see a more

balanced view of the project, but will also help you in implementing the recovery plan. People tend to respond better to adversity and change if they think they have been consulted and had input into the recovery process.

Rule #3. Be open to every possible alternative – including canceling the project

After the assessment is complete, alternatives should be developed along with a recommendation. The alternatives will vary greatly, depending on the causes that were uncovered during the assessment. However, a couple of alternatives will normally always be considered:

- **Stop the project.** If a project is in bad enough shape that a rescue is required, the team should always leave open the possibility that the project should just be cancelled. Sometimes there is a hesitancy to cancel a project because of the implication that all of the money spent so far will have been wasted. However, you should look instead at the money already spent as being a "sunk" cost. Sunk costs refer to money already spent on the project. For the most part, sunk costs represent money that you will never get back. The question in a troubled project is not so much the sunk costs as it is the remaining costs and whether the project makes business sense if you spend the estimated cost to complete the project.
- **Do nothing. Let the project continue as is.** In some cases, the sponsor may determine that the cost of a project rescue is not worth pursuing. For example, a project may be projected to complete at a budget 50% higher than estimated. However, the

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assessment may determine that a cause is that the project cost was underestimated. In this case, there is not much that can "rescue" the project. The sponsor is forced to accept the higher cost of the project, cancel the project or scope back the deliverables.

The risk of choosing the wrong rescue options is managed by making sure you're your sponsor and management stakeholders approve the recovery plan, taking the alternatives and recommendations into account. If a broad audience was consulted to create the alternatives, and if these same people buy in to the final recovery plan, the chances of the rescued project completing within revised expectations will increase dramatically.

Rule #4. Measure and Monitor Recovery Plan

There is always a risk that the newly rescued project will have additional problems after the recovery plan is in place. This risk has to be managed through proactive monitoring and measurement to validate the status of the recovery plan and the project in general. The worst result of a project rescue is that the recovery itself fails. If this happens, not only is the entire project likely to be cancelled, but there may be repercussions for those involved including a loss of credibility, less opportunity in the future, a demotion or even a chance of being fired.

The following elements will be a part of measuring and monitoring the project.

- **Proactive communication**, including Status Reports, status meetings and managing expectations, is necessary. If the project has a Communication Plan,

it should also be revised. Some communication activities that do not provide measurable value may need to be stopped. Other communication activities may need to be included to overcome the credibility damage to the project already.

- **Meticulous updating of the project workplan** to ensure it is up-to-date and that it always shows a clear path to completion.
- **Track costs, effort hours, rework and project errors.**
- **Measure client satisfaction with the recovery.** This includes sending out short client satisfaction surveys, as well as talking first-hand with the major stakeholders to ensure that their expectations are being met.

If the project does not already have these in place, they need to be added as a part of the recovery plan. If they are already in place, the effectiveness of the processes needs to be validated, and other proactive activities may need to be added as well. Remember that the old processes for monitoring and measuring the work may not have been effective and may have contributed to the project getting into trouble. Stronger monitoring and measuring may be needed as a part of the recovery.

Depending on the duration remaining on the project, this may also be a time when the project manager needs to use techniques for micromanagement. Normally, you might not want to be involved in the team work activities on a detailed basis. However, when you are in a recovery, you may need to keep a close watch and close follow-up on all outstanding work.

Summary

Minimizing the Risk Associated with Project Rescue

Project rescues are not for the faint of heart and they are not appropriate for the typical project that is having typical projects. However, if you have a large and important project that is off the rails, it might be time for this radical intervention.

If you perform a project rescue, be smart about it. Can you image a worse scenario that trying to rescue a project, only to see the rescue effort itself fail?

The way to manage the risks associated with a project rescue is to structure the rescue work itself as a project. This isolates the rescue work into a separate entity with its own Project Definition, workplan, deliverables. The purpose of the Rescue Project is to not to carry on the work of the failed project. The purpose of the Rescue Project is to come up with the new Project Definition (Charter), new workplan, new estimates, new deliverables and anything else that is required for the original troubled project. The Rescue Project then ends and goes away. The Sponsor, project manager and management stakeholders must then do a much better job of managing and monitoring the formerly troubled project to ensure that it can now be finished within the revised set of expectations.

Rescuing troubled projects does not have to be a daunting task.

We have done it before.

Contact us for more information.

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About TenStep

TenStep, Inc. (www.TenStep.com) is headquartered in Atlanta, Georgia (USA), and specializes in developing, consulting and training in business methodologies. The company's flagship product is the TenStep Project Management Process®, which has been licensed to thousands of companies and individuals around the world. In addition, TenStep has training, consulting and business methodology products covering Project Management Offices, portfolio management, software development and application support.

The TenStep process is translated into 14 languages, allowing it to be utilized by organizations in most parts of the world.

TenStep meets the needs of local businesses with a network of offices in the USA and around the world.

Our training classes include:

- **Project Management (advanced and basic)**
- Preparing for the PMP Exam

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- Earned Value Management
- Setting up and Running Project Management Offices
- Setting up and Running Portfolios
- Gathering Business Requirements
- Many, many more

Our consulting services include:

- Project management deployment and customization
- Project Quickstarts
- Setting up PMOs
- Project management coaching, auditing documentation review
- Managing your projects
- Many more

About the Author:

Tom Mochal, PMP is the president of TenStep, Inc. (www.TenStep.com), a methodology development, consulting and training company. He is also the head of The TenStep Group, a network of TenStep offices supporting the TenStep process in numerous languages and countries around the world.

Mochal is author of a book on managing people called "Lessons in People Management" and a companion book on project management called "Lesson in Project Management". Mochal also authored all of the TenStep methodology products.

Mochal recently won the **Distinguished Contribution Award** from the Project Management Institute for his work spreading knowledge of project management around the world.

Mochal is a speaker, lecturer, instructor and consultant to companies and organizations around the world.

He is a member of the Atlanta, Georgia (USA) chapter of the Project Management Institute (PMI), the American Management Association (AMA), the American Society for the Advancement of Project Management (asapm®), and is a partner in The Management Mentors, a group dedicated to building knowledge in project management, IT management and leadership/personal development.

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