How to Recognize Troubled Projects

Presented By: Sally Johnson, MBA, PMP
Project Management Quotes

“If you have never recommended canceling a project, you haven’t been an effective project manager.” – Woody Williams

“No matter how good the team or how efficient the methodology, if we’re not solving the right problem, the project fails.” – Woody Williams

“Trying to manage a project without project management is like trying to play a football game without a game plan.” – K. Tate
**Definition of Troubled Project**

A project where the difference between what is expected & what has been accomplished exceeds the acceptable tolerance limits, pushing into a course that will inevitably lead to failure.

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**Title:** Identifying and Recovering Troubled Projects – How to Rescue Your Project From Its Failure  
**Author:** Ricardo Viana Vargas, MSc, IPMA-B, PMP  
**Published:** PMI Global Congress Asia Pacific, Hong Kong – 2007 & Mundo PM Magazine, Curitiba - October - 2006  
[Link to Source](#)
Statistics...
Statistics...

70% of organizations have suffered at least one project failure in the prior 12 months!

50% of respondents also indicated that their projects failed to consistently achieve what they set out to achieve!

Source: KPMG (New Zealand)
Type of survey: Survey of 100 businesses across a broad cross section of industries
Study Details: KPMG survey of Project Management practices in New Zealand finds some truly startling results.
Date: December 2010

Link to Source
Link to Reference Article
Statistics...

38% of projects don’t meet their business goals... 
17% fail altogether

For every $1M spent on projects...
$135K is gone forever due to project failure

80% of the leaders in the C-suite say executing strategic initiatives is critical to their existence...
Yet 50% of all strategic initiatives fail

Source: Michael Kaplan, PMP
Article Title: Tools Alone Won’t Improve Project and Portfolio Management
Date: August 12, 2014
Link to Source
Statistics...

17% of large IT projects go so badly that they can threaten the very existence of the company.

On average, large IT projects run...

- 45% over budget
- 7% over time

...while delivering 56% less value than predicted.

Source: McKinsey & Company in conjunction with the University of Oxford
Type of survey: Study on large scale IT Projects
Study Details: A study of 5,400 large scale IT projects (projects with initial budgets greater than $15M) finds that the well known problems with IT project management are persisting.
Date: 2012

Link to Source
"Fuzzy business objectives, out-of-sync stakeholders, and excessive rework" mean that 75% of project participants lack confidence that their projects will succeed.

A stunning 78% of respondents reported that the “Business is usually or always out-of-sync with project requirements”

*Source: Geneca*

*Type of survey:* Interview based study of software projects  
*Study Details:* Interviews with 600 people closely involved in software development projects finds that even at the start of a project many people expect their project to fail!  
*Date:* 2010-2011  

[Link to Source]
Statistics…

**Barriers to Success**

- Changing mindsets & attitudes: 58%
- Corporate culture: 49%
- Underestimation of complexity: 35%
- Lack of senior management support: 32%

**Source:** IBM

**Type of survey:** Survey of 1,500 change management executives

**Study Details:** IBM survey on the success/failure rates of “change” projects

**Date:** October 2008

[Link to Source]
What are the signs of a troubled project?
Your project may be in trouble when...

Scope
- Frequent changes in scope of project
- Lack of agreement between stakeholders on requirements and/or objectives

Risks
- Significant increase in risk exposure (probability and/or impact)
- Failure to implement a risk contingency plan

Stakeholders
- Clients, executive managers and/or stakeholders express discontent
- Insufficient involvement by client/stakeholders

Resources
- Not enough resources
- Significant increase in team turnover
- Team shows lack of experience in implementing project

Cost & Schedule
- Project delays and/or cost over run

Documentation & Formation
- Increased informality & improvisation in executing PM process
- Project plans updated less frequently & less confidence in the data

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Link to Source
Other Signs...

How to spot a project that is on its way down...

1. Poor project planning or not planning at all
2. Disagreement on project requirements
3. Lack of team involvement
4. Lack of a clear defined project end
5. Unrealistic demands
6. Failure to stop or plan again

Title: Project Management That Works
Authors: Rick A. Morris with Brette McWhorter Sember
Book Published: 2008 by American Management Association
What are some methods to identify a troubled project?
Methods to Identify Trouble

The method you use will depend on your company’s project management maturity level & practices

Project Status Reports
- Earned Value (Scope, Schedule, Cost)
- Risk Issues
- Outstanding issues to be decided and/or resolved by upper management

Vital Signs Scorecard (see example on next slide)
### Example of Signs Model...

<table>
<thead>
<tr>
<th>Vital Sign</th>
<th>Variance</th>
<th>Score</th>
<th>Your Project Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>% variance between actual &amp; planned schedule</td>
<td>&lt;10%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10% - 20%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;20%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>% variance between actual &amp; budgeted cost</td>
<td>&lt;10%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10% - 20%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;20%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>% of contractual deliverables completed on schedule</td>
<td>&gt;90%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>80% - 90%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;80%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>% variance between resources actually used &amp; budgeted resources</td>
<td>&lt;10%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10% - 15%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;15%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td># of risk events with high probability &amp; high impact</td>
<td>1-3 Risks</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4-5 Risks</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 Risks or more</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

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What are some ways that you identify troubled projects in your organizations?
What are the root causes of a troubled project?
Common Classes of Project Failure

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Link to Source
Behavior Patterns

Symptoms of a Failing Project

Drivers & Contributing Factors

Dysfunctional or Ineffective Decision Making

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Link to Source
Symptoms of a Failing Project

- Schedule slippage
- Quality problems
- Budget overruns
- Products that don’t meet the business needs
- Elevated staff turnover
Trigger Events
- Individual actions
- Mistakes or events that trigger or contribute to failure

Behavioral Patterns
- Broad patterns of behavior & structural issues that establish the context within which the chances of failure are increased
- Lack of situational awareness
- Inexperience & training issues
- Cognitive biases
- Political issues
- Lack of trust or openness
- Misaligned goals
- Communication problems
- Dysfunctional corporate cultures
What can be done?
Remember the PMI Code of Ethics

Chapter 1: Vision & Applicability
Chapter 2: Responsibility
Chapter 3: Respect
Chapter 4: Fairness
Chapter 5: Honesty

Title: Code of Ethics & Professional Conduct
Published: Project Management Institute

Link to Code of Ethics & Professional Conduct
# What can you control?

<table>
<thead>
<tr>
<th>What you can control?</th>
<th>What you can’t control?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful planning &amp; execution of the project</td>
<td>Your sponsor(s) and/or client(s)</td>
</tr>
<tr>
<td></td>
<td>• Their decisions &amp; actions</td>
</tr>
<tr>
<td>Managing of project stakeholders</td>
<td>Priority/Importance of your project within the organization</td>
</tr>
<tr>
<td>Managing communication</td>
<td>Corporate culture</td>
</tr>
<tr>
<td>Managing the project team</td>
<td>Political issues</td>
</tr>
<tr>
<td>Managing the project risk</td>
<td>Unrealistic project demands</td>
</tr>
<tr>
<td>Managing the project schedule</td>
<td>Risk events that affect impact the project</td>
</tr>
<tr>
<td>Managing the project budget</td>
<td>...</td>
</tr>
<tr>
<td>Managing the project conflict</td>
<td></td>
</tr>
<tr>
<td>Managing the project delivery</td>
<td></td>
</tr>
</tbody>
</table>

*This is not a comprehensive list!*
# Project Recovery vs. Project Termination

## Project Importance?
- How important is the project for the sponsor, the stakeholders, & the organization?

## Planned/Redeﬁne?
- Can the project continue as planned & deﬁned or does it need to be completely redeﬁned?

## Impact/Resources?
- The organizational impacts & the resource needs for the recovery are feasible to produce the desired recovery?

## Political Support?
- Is there a need for political support so that the project can be recovered?

## Motivation/Interest?
- Are you (the project manager) personally motivated & interested to do what need to be done to recover the project?

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Project Termination

- After evaluation of the troubled project, you may determine that there is not good business case for project recovery so we may need to cut our losses & move on rather than waste time & money on project recovery planning.

- In this case of project failure, we need to plan euthanasia – let the project die as painlessly & with as much dignity as possible.
Project Recovery

Project manager may need to –

- Perform triage to avoid project failure
- Sell the prioritized recovery plan to all stakeholders
- Communication is critical
- Motivate the team to reach for success
- Assure & give confidence to customers/stakeholders
- Provide financial analysts with a realistic plan that can be regularly measured & reported
Project Recovery

And also...

- Progress must be carefully monitored, controlled & reported throughout the recovery

- Responses to unplanned events (risks) should be decisive, quick & effective or you could be facing further project failure

- Keep your team positive

- Build in milestones so that you can publicize & praise even small achievements

- Build a momentum based on success, so that the team & stakeholders that its “normal” to meet milestones
Project Success

“Success is the delivery of a product that meets expectation” – James Neil
### Definition of Project Success

**Different people define success in different ways...**

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>• Delivers all or most of what it said it would (scope), regardless of schedule or budget performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2</td>
<td>• Delivers what it said it would, on schedule and/or within the agreed budget</td>
</tr>
<tr>
<td>Tier 3</td>
<td>• Delivers what it said it would, on schedule, within the agreed budget &amp; to the expected quality standards</td>
</tr>
<tr>
<td>Tier 4</td>
<td>• Delivers on all agreed project objectives, be they scope, schedule, budget, quality or outcomes based (i.e., goals to be achieved or strategic position to be attained)</td>
</tr>
<tr>
<td>Tier 5</td>
<td>• Product produced by the project created significant net value for the organization after the project is complete</td>
</tr>
</tbody>
</table>
Layers in Project Success

- Achieve the desired outcomes
- Meet organizational and/or market needs
- Meet quality requirements / satisfy quality expectations
- Deliver what was agreed (scope)
- Execute project on schedule and on budget

Typical dimensions defined in the project objectives

Product success

Create value

Project Management success

Execute the project efficiently

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**Success Factors**

Organizations that have *active project/program sponsors* on at least **80%** of their projects have a success rate of **75%**

(11% higher than the average of 64%)

**Key:**
- * Often
- ** Always
- *** Across all departments

**Title:** PMI’s Pulse of the Profession – Driving Success in Challenging Times
**Author:** Mark A Langley, PMI President & CEO
**Published:** Project Management Institute (March 2012)

[Link to Article]
Success Factors

“Why do 64% of projects meet their original goals & business intent while the other 36% do not?”

- Talent
- Project Management Basics
- Executive Sponsorship
- Focus on Benefits
- Change Management

Title: PMI’s Pulse of the Profession – Driving Success in Challenging Times
Author: Mark A Langley, PMI President & CEO
Published: Project Management Institute (March 2012)

Link to Article
Historic Project Success...

Empire State Building (1931)
- 102- story building (*1st building to have more than 100 floors*)
- Built in <15 months
- On time & under budget
Personal Project Success...

Habitat for Humanity & Whirlpool

**Accomplishment:** 300 Volunteers Built 10 house in 5 days

[YouTube Video (Part 1 of 3)]
[YouTube Video (Part 2 of 3)]
[YouTube Video (Part 3 of 3)]
Recommended Reading
Recommended Reading

Project Management Institute, 2013

Translating Corporate Strategy into Project Strategy
Peter Morris, PhD and Ashley Jameson, MS
Project Management Institute, 2006

Harold Kerzner, PhD
Wiley, 2013

Project Portfolio Management: A Practical Guide to Selecting Projects, Managing Portfolios, and Maximizing Benefits
Harvey A. Levine
Jossey-Bass, 2005

Project Management Roles and Responsibilities (2nd Edition)
J. Kent Crawford
Center of Business Practices, 2008

Organizational Project Management Maturity Model (OMP3): Knowledge Foundation
Project Management Institute, 2008
Questions/Answers
You are invited!

**Monthly Baton Rouge Chapter Meetings**  
*Third Thursday of Every Month*

**Where:** Ralph & Kacoo’s Restaurant  
6110 Bluebonnet Blvd., Baton Rouge, LA 70809

**When:** 5:30pm – 7:30pm

http://www.pmibatonrouge.org/

Meeting sponsorships are available for 2015!