



1 Project Rescue Overview

1.1 Introduction

Any project at any organization with any team can fail. However, projects never go from being well managed, on-budget and on-schedule to outright failure overnight. There is always a transition period during which time the project is “troubled”. It is during this time that a window of opportunity exists in which the project can be rescued, and likely this is the very last chance to save the project.

When the first signs of trouble appear, a common reaction is denial. When the problems are left uncorrected, and the project becomes troubled to the point where it can no longer be ignored, there is a tendency to invoke rash actions, such as assigning more resources, mandating overtime, or even firing team members in an attempt to correct the situation and address a desire to lay blame. Unfortunately, none of these actions will aid the recovery of the project as they are unplanned and rarely have any connection to the root causes of the problems that are plaguing the project.

Even if it is in the best interest of the business to terminate a troubled project, there is a process that needs to be followed to gather the necessary information to accurately establish that the project is not worth saving and then gracefully execute the termination process.

This document applies to projects that have already been determined to be in serious trouble. It describes the process for assessing a project, objectively determining whether the best corporate strategy is to recover or terminate the project, and then executing either the recovery or termination of the project. This rescue process applies equally well to project managers brought in from outside, as well as to project managers who are members of the troubled project’s team. Regardless of whether the project manager is coming into the project completely fresh, or has been with the project from the beginning, the recommended steps are the same. However, it should be recognized that for severely troubled projects a project manager from outside the project team, whether they be internal or external to the organization, may be more effective at implementing the project rescue process because they have not been impacted by the low team morale that inevitably accompanies a troubled project and they provide a completely unbiased perspective on the project status.

1.2 Terminology

Throughout this document there are some key terms that need to be defined right at the beginning for clarity of usage as they relate to this project rescue process.

Assessment Team	A team assigned to perform the assessment of the original project
Original Project	The project that is troubled and has been identified as needing to be rescued

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Original Project Manager	The project manager assigned to manage the original project
Recovery Team	A team assigned to perform the recovery of the original project
Rescue Project Manager	The project manager, either from within the organization or external, who is responsible for managing the assessment, and recovery or termination of the original project

1.3 Why Projects Fail

In today's corporate environment, it seems that every organization is battling the problem of too many projects with too many deliverables for the time, budget and resources available. The difficult task of trying to meet demands with limited resources means that projects are at very high risk of becoming troubled right from the beginning.

There are many reasons why projects fail and it is rare that a failure can be attributed to one single cause. Very often, if not always, there are several factors that together, in concert, lead to a project's failure. The specific details of exactly what went wrong will be unique to each troubled project and determining exactly what went wrong is a key objective of the assessment phase discussed in Section 2. But, for the purposes of introducing the high level factors behind troubled projects, the following categories form the most common reasons projects fail.

- **Poor Requirements Definition and Scope Management** – Requirements must be precisely defined, agreed upon and then managed to prevent scope creep. Requirements can change over time, but these changes need to be evaluated and carefully implemented through a change control system. When requirements are imprecise, ambiguous or are lacking agreement, it will be impossible to satisfy deliverables. When scope is inadequately managed, the stage is set for failure.
- **Inadequate Organizational Support and Stakeholder Alignment** – If an organization is not fully committed to meeting the objectives of a project, if there is a weak business case, if stakeholders are in conflict over the goals of the project, the conditions are ripe for failure.
- **Inadequate Risk Management** – Every project has risk. Risk must be planned for and actively managed. Unplanned and/or unmanaged risk is almost guaranteed to cause problems on a project.
- **Communication Problems** – Well planned communications on the project that keep everyone informed of what they need to know are crucial to a project's success. Stakeholders must be aware of progress and issues at every stage of a project to allow for early detection and correction of negative trends. Effective communication also ensures that project team members understand clearly their roles and responsibilities and they understand their work packages, deliverables and acceptance criteria for those deliverables. Everyone on the team knows the processes that are being followed and are informed of changes in a timely manner. When communications are poorly planned and stakeholders and team members are unaware of information affecting them, the project cannot be successful.
- **Inadequate Resources** – If the right people and material are not assigned to a project, it will likely fail. The right number of human resources with the right training and skills must be committed to the project. The equipment and material required to deliver the project must be properly identified, planned and made available to the project.
- **Inadequate Project Management Methodologies** – While all of the above mentioned factors should be addressed through proper application of project management methodologies, it is important to highlight the role that inadequate project management processes plays in a project's failure. A project must be formally and accurately planned and this plan needs to be documented and made available to all

stakeholders and project team members. An effective change control system needs to be in place and, as important as selecting and communicating the project management processes to be followed, adherence to these processes must be enforced for the entire lifecycle of the project. It is rare that a troubled project would not have problems of some description stemming directly from inadequate establishment or enforcement of project management methodologies.

1.4 Symptoms of a Troubled Project

There is no exact definition of a troubled project and the specific criteria by which a project will be identified as troubled are unique to every organization. However, in general, it can be said that when a project's trends in time, cost and scope variations have exceeded defined, acceptable tolerance levels, and it is believed that without immediate corrective action, the project will fail, then the project is troubled.

It is important to recognize the difference between project troubles and project risk. Risk is an uncertain event or condition that, if it occurs, has a positive or negative effect on a project objective. Trouble is a certain event or condition that has either already occurred or will inevitably occur. Trouble always has a negative effect on at least one project objective. When a risk event does occur, it can cause a project to be troubled. This is especially true when risk is unplanned or unmanaged, or in cases of unknown, unknown risks.

There will always be a trigger event that leads the project owners or sponsors to declare the project troubled and initiates the project rescue process. There are an infinite number of things that could be the trigger event, but the following list provides examples of things that could be trigger events.

- Project is trending 30% or more over estimated budget
- Project is trending 30% or more over estimated deadline
- Project can stay within acceptable cost and time tolerances only by reducing quality to a point where value and integrity of the deliverable are reduced to an unacceptable level
- Clients are extremely dissatisfied with the project team's performance and may be threatening legal action
- Project completion date cannot be estimated
- Requirements are continually changing
- Dysfunctional communication exists
- Project goals and constraints are mutually exclusive
- Team morale is negatively impacting the performance of the project
- Excessive overtime is being worked
- Seemingly irresolvable conflicts exist

It is highly recommended that organizations implement a standard process for reviewing active projects on a regular basis with the goal of identifying projects that are becoming troubled. The risk of a project failing is significantly reduced when there is an early warning system in place that triggers a focused assessment and recovery process. Having a defined process for monitoring the health of projects and identifying projects that are trending towards trouble and implementing corrective actions on those projects is an extremely effective method for preventing troubled projects in an organization. The development and implementation of such a process may be recommended as a highly beneficial medium-to-long term improvement objective for the organization.

1.5 Project Rescue Process Summary

Once a project has been identified as being troubled, the project rescue process is initiated. It must be clearly understood by the original project manager, rescue project manager, project sponsor and the rest of the project team that the project rescue is a project unto itself. The project rescue perfectly matches the classic definition of a project. It has clearly defined start and end dates, it is creating a unique result, and it is progressively detailed as the project is better understood. In parallel to the project work, the project rescue will require planning and resources and will have clear objectives and deliverables.

The high level project rescue process is comprised of the following steps.

1. Assessment Phase
2. Project Decision Meeting
3. Recovery Phase –OR–
4. Termination Phase
5. Closing Phase

This process is illustrated in the following diagram.

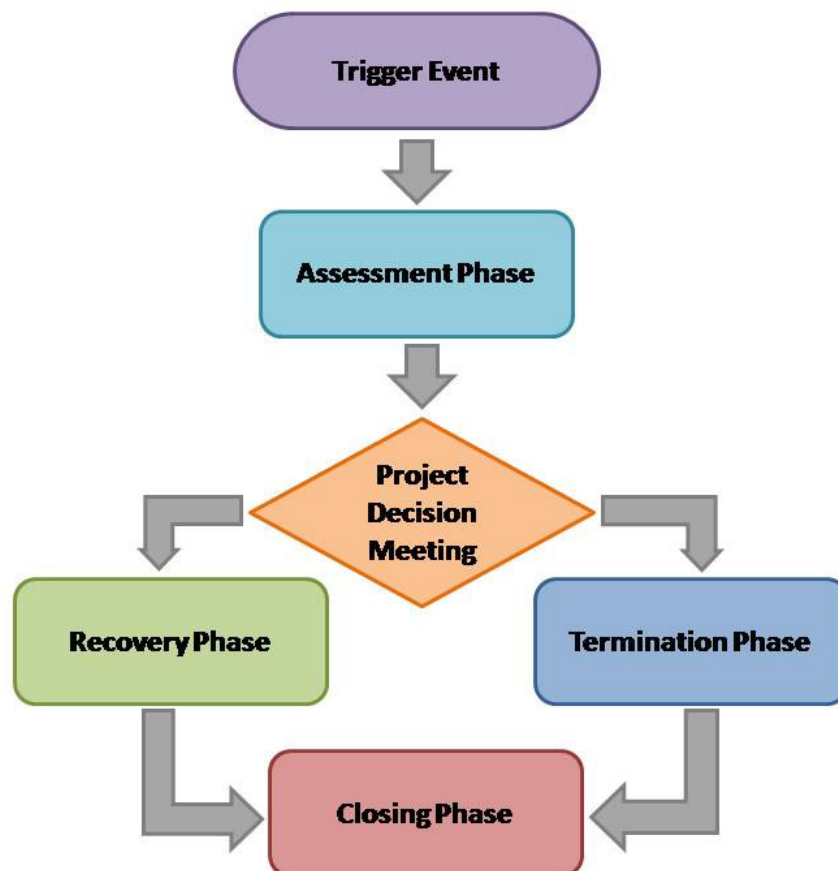


Figure 1: Project Rescue Process Diagram

There are a number of different outcomes that can result from a project rescue.

1. The project is completed successfully within original tolerances for time and cost. This is an ideal scenario that is usually not possible. If a project has gotten so far off track as to initiate a project rescue, then the chances of being able to complete the original project scope within the original time and cost budgets are very low.
2. The time and cost estimates and/or the product scope definition are reevaluated and redefined. Solutions to root causes are implemented and the project team is reassembled and the project continues with a focused approach on working towards the new project criteria.
3. The project is terminated. There can be solid business reasons why terminating a project is a better choice for the corporation than implementing a project recovery. The graceful termination of the project will ensure that an effective communication plan is put into place, legal and human resource considerations are addressed, all components of the project that can be reused are salvaged, and the project resources are reassigned.

When a project is in crisis and stress levels and expectations are high, following a well defined, structured process and using the accompanying tools and templates will facilitate delivering findings, recommendations and corrective action plans with efficiency, expediency and accuracy.