

Inheriting a Sinking Ship: When Management Assigns You as Captain

Implementing Success Strategies After Inheriting a Failing Project

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Congratulations!

After working hard to complete your projects on-time and on-budget, Management has selected you to become the PM for a failing project formerly managed by a departing PM.

But...

- You didn't ask for the assignment
- You didn't know it was coming
- This task has to be done on top of your other work
- You can see a bad ending being written with your name
- What did you do that was so bad to be selected?

Things Can Only Get Better



Definition

Inheritance is the practice of passing on property, titles, debts, and obligations upon the death of an individual.

*Main Entry: in·her·i·tance

Pronunciation: \in-'her-ə-tən(t)s, -'he-rə-\

Function: *noun*

Date: 14th century

- 1) **a:** the act of **inheriting** property **b:** the reception of genetic qualities by transmission from parent to offspring **c:** the acquisition of a possession, condition, or trait from past generations
- 2) something that is or may be **inherited**
- 3) **a: tradition b:** a valuable possession that is a common heritage from nature
- 4) *obsolete:* possession

* Inheritance. (2008). In *Merriam-Webster Online Dictionary*. Retrieved December 21, 2008, from <http://www.merriam-webster.com/dictionary/inheritance>

How Did This Happen?

- Dramatic economic changes have occurred since August '08
- Organizations are facing massive downsizing mandates
- PM's that can handle more, are being asked to do more
- PM's that can't, are being downsized
- Projects that can be cut, are being stopped
- Projects that are critical to clients and corporate objectives will continue, but under a management microscope
- This micromanagement situation will persist for a while...

Problem Indicators

- Over budget; under schedule – by a lot
- No tangible deliverables completed – ever
- Team members can't guess if they will finish work
- The client stopped screaming for attention – a long time ago
- Management “doesn't really know” the project status
- The departing PM sends their “best wishes” for success
- Project members get excited about “using” the Internet
- Software deliverables include applications that should run under “the new MS Windows 3.1”

What To Do...Upon Inheriting

Overall Strategy:

- Meet the Project Team, Stakeholders and Client
- Determine root causes of the problems – resources, technology, engineering, financial, schedule, regulatory, scope, or suppliers/partners
- Understand the situation: good, bad, ugly...or hopeless
- **Confirm executive support**
- **Obtain authority to act via public announcement (email, etc.)**
- **Confirm your passport is still valid**

Surveying Current Status

Technology	Software, Hardware, SW Development Tools, Networks, Test Environment, Collaboration Tools
Human Resources	Skillsets, Experience, Training, Quantity, Quality, Motivation, Preservation, Investment Level
Processes	Business Requirements, Enterprise Architecture, Config Mgmt, Change Mgmt, EVM
Uncontrollable Factors	Legal Regulations, Congress, Weather, Clients, Stakeholders, U.S. Economy, Microsoft
Other	Facilities, Location, Partners, Info Security, Competitors, Management Support, Budget

Defining Success...What is Possible?

Success: Completed project; less than 40% of original objectives achieved; less than 300% over budget and schedule (ship floats, and reaches destination with some cargo)

Mostly Successful: Complete project; between 40% and 60% of original objectives achieved; less than 200% over budget and schedule (ship floats, reaches destination with most of cargo)

Very Successful: Complete project; between 60% and 75% of original objectives achieved; less than 150% over budget and schedule (ship floats, has most of cargo and crew)

What to Do...Second Steps

- Work with the Project Team to develop possible scenarios that achieve the mission:
 - ✓ Create Plans A, B, C and D
- Compute resources, schedule and scope changes needed to close the gap between what is, and what needs to be finished
- Use CPM or Monte Carlo analysis to compute the probability of project failure with each plan; <33% risk desirable
- Confirm with client and/or management that one of the new plans will create acceptable completion results
- Define “circuit breaker” conditions that shut down the project

What Are Circuit Breakers?

- Pre-defined conditions or situations that trigger automatic reactions or responses
- Conditions that may/will cause automatic termination
- Circuit breakers include:
 - Going over the revised budget >10%
 - Going over revised schedule >10%
 - Not delivering 90% of scheduled deliverables when due
 - Not completing the project by a “do-not-pass” date
 - Not making verifiable progress over time
 - Catastrophic events that make completion doubtful

Circuit Breaker Process

- Monitor circuit breaker conditions every day for status
- Circuit breaker conditions should be posted on the project website and available for all project team members to see
- Should a condition emerge, apply adequate resources to correct and resolve; communicate status with client/mgmt
- If a condition cannot be corrected in 72 hours, document facts for the client and management and throw in the towel
- Cut early, deep and fast to reduce on-going losses
- "Protect the treasure": save investments in software, hardware and networks for use on other projects

Top Reasons for Project Termination

ISACA, an independent IT governance group, in May 2008 highlighted the top 5 reasons these organizations named for terminating projects prior to completion – try to avoid these

1. Business needs changed: 30%
2. Did not deliver as promised: 23%
3. Project was no longer a priority: 14%
4. Project exceeded the budget: 13%
5. Project did not support the business strategy: 7%

What to Do After Inheriting Project

- Cut budget quickly in areas of low benefit or value
- Add budget where inadequate or to accelerate progress
- Hire experts who can get the job done, fast
- Review and reset scope to achievable, deliverable objectives
- Refresh/reset expectations with client and management for deliverables, schedule and final budget
- Set a target date for expected results to be visible to team members, management and shareholders; use as a magnet
- Shape schedule into one-week "packages"

What to Do...Moving Forward (con't)

- Analyze buy vs build opportunities, if any
 - Consider teaming opportunities, if possible
 - Look at possible investors or partners for more capital
 - Consolidate work spaces – bring everyone together
 - Schedule daily status meetings
 - Plan group events: bowling, skating, laser tag
- Change the “Death March” mentality to “Exercise is good!”

Sometimes It Is Impossible

Sometimes, despite all of the changes, new approaches, new people and fresh energy the project will not be successful...

The PM and management team will have just a few options left to consider, including: smaller scope; resetting the schedule; stopping all change orders; risk + cost sharing with other groups; implementing lower levels of technology

- Final options do not include: “putting nose to grindstone;” “trying one more time;” or “hoping for the best”

Who Pulls the Plug?

- Decision is based on circuit breaker info and resolution efforts – make sure all info is accurate
- Big decision to make – PM, management and client should be on conference call to discuss situation
- Impact will be felt on many levels – financial, marketing, sales, clients, capabilities, credibility, emotional, careers
- Decision may result in positive cash flow
- Decision may save company, but doom the project manager and team

Case Study #1 (Failure and Success)

Denver Airport Baggage System

- An opening originally scheduled for October 31, 1993 with a single baggage system for all three concourses
- In April 1994, the city invited reporters to observe the first test of the new automated baggage system. Reporters saw clothing and luggage being tossed off the system
- The airport opened on February 28, 1995 with separate systems for each concourse, with varying degrees of automation (16 months late)
- The system's \$186 million in original construction costs grew by \$1 million per day during months of modifications and repairs
- The baggage system continued to be a maintenance hassle and was **finally terminated in September 2005**, with traditional baggage handlers manually handling cargo and passenger luggage

Case Study #1 (Failure and Success)

- Contractor BAE Automated Systems of Carrollton, Texas, at one time responsible for 90% of the baggage systems in the U.S., was acquired in 2002 by G&T Conveyor Company, Inc.
- Original and successor program managers were fired
- Last (third) program manager decided to use human baggage handlers and manual carts
- Unknown final costs (due to litigation recovery, etc.) but at least \$200 million (100%) over budget
- DIA was voted the 2005 Best Airport in North America by readers of *Business Traveler Magazine* and was named America's best run Airport by *Time Magazine* in 2002

Case Study #2 (Failure and Failure)

FBI Virtual Case File (VCF)

- Started 2001 with budget of \$170 million; spent \$371 million by end
- FBI went through five different CIOs, 10 project managers, and 36 contract changes in four years
- "About six months into the contract, SAIC was told by the FBI that 'we really want to change what you're doing on this contract,' "recounts SAIC Group President Mark Hughes. " 'Set aside the work you've done to date and what we'd like you to do is work with us to build a brand new case-management system for the FBI. And by the way, we don't have any requirements for that yet, so we need you to work with us to help develop those requirements.' "
- After delivery of pilot code, 459 issues and defects were identified by an independent Arbitrator: 19 caused by FBI and 440 caused by contractor

Case Study #2 (Failure and Failure)

- Two independent reviews by Aerospace Corp and National Research Council stated "the [VCF] architecture was developed without adequate assessment of alternatives and conformance to various architectural standards, and in a way that precluded the incorporation of significant commercial off-the-shelf software...the requirements and design documentation were incomplete, imprecise, requirements and design tracings have gaps, and the software cannot be maintained without difficulty. And it is therefore unfit for use."
- VCF Project terminated in April, 2005
- Contract for successor project "Sentinel" awarded in December 2005
- Budget for Sentinel estimated at \$451 million (vs \$371 million for VCF)
- Lockheed Martin is lead contractor for Sentinel, with CSC & Accenture

Summary

Stepping into a failing project is not for the weak of heart...

- Work can be exhausting and depressing
- Project team members will be upset and nervous
- Technical problems and other issues may not be resolvable
- Management may use you to justify pulling the plug
- If you fail, your reputation and credibility may be damaged for a long time

On the other hand, many of these projects are mission critical to society and company survival... they need leaders to complete them despite the personal impact. Be a leader!

Thanks for Attending the PMI WDC Chantilly January Meeting

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