



PROJECT RECOVERY:

Different failures and how to get rid of them

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1st Master Business Engineering

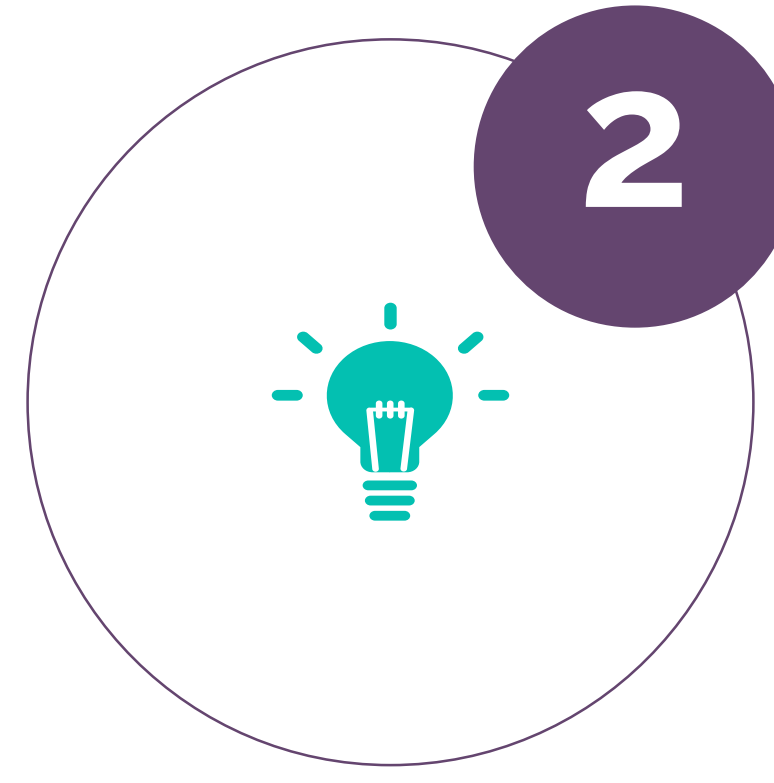
Ghent University



0. The assignment



Something related to
project management



Impress and be
creative



Brainstorm sessions
and idea formation

PROJECT RECOVERY:
Different failures and how to get
rid of them

Presentation agenda

PROJECT RECOVERY:
Different failures and how
to get
rid of them

01

Introduction: project management course

02

What is a project failure?

03

Statistics of project failures

04

Main causes of a project failure

05

Warning signs and problem recognition

06

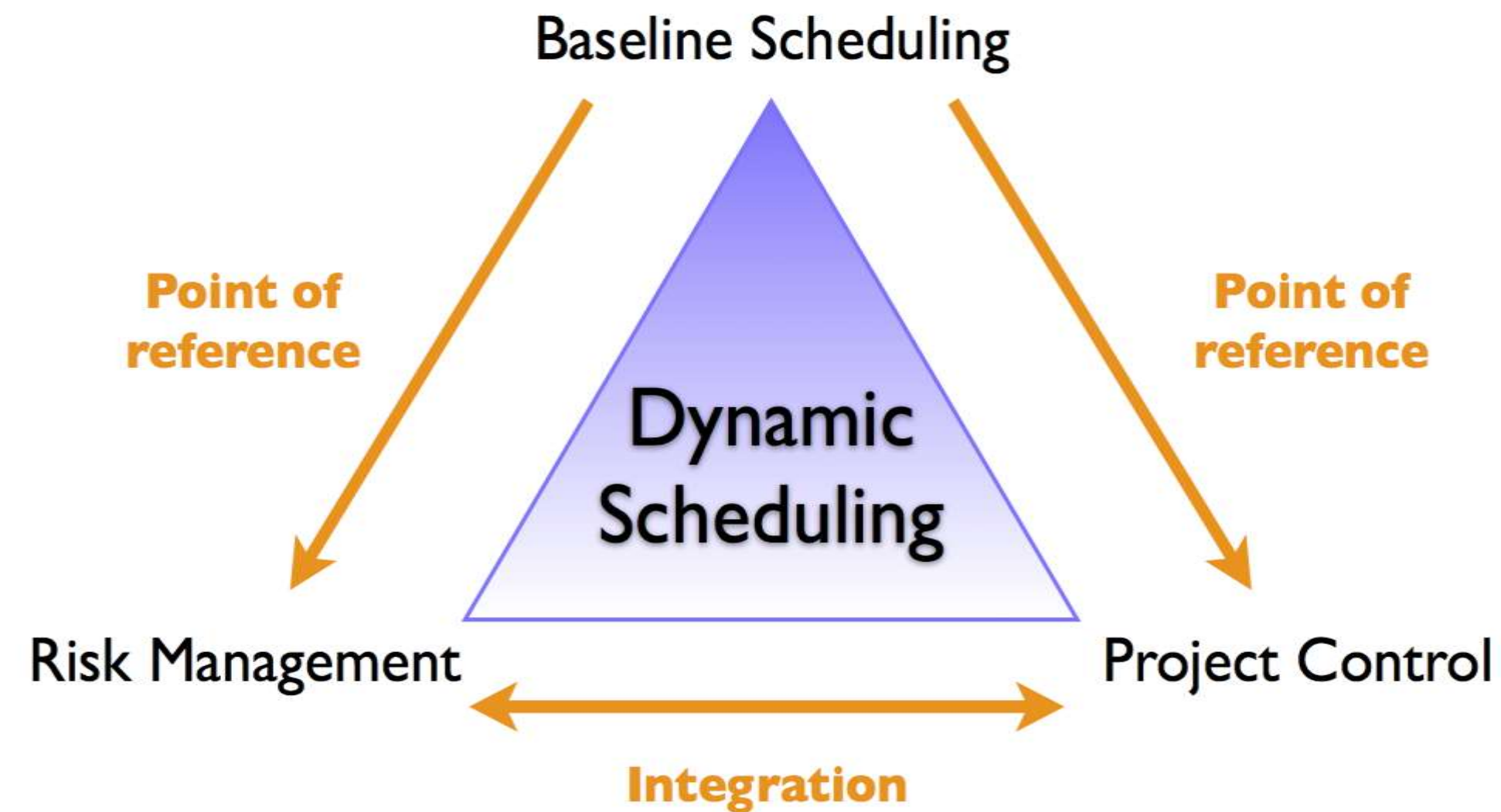
Existing recovery strategies

07

Our own recovery action plan

1. Introduction

"What is project management?"



Baseline scheduling

The construction of a timetable

Risk analysis

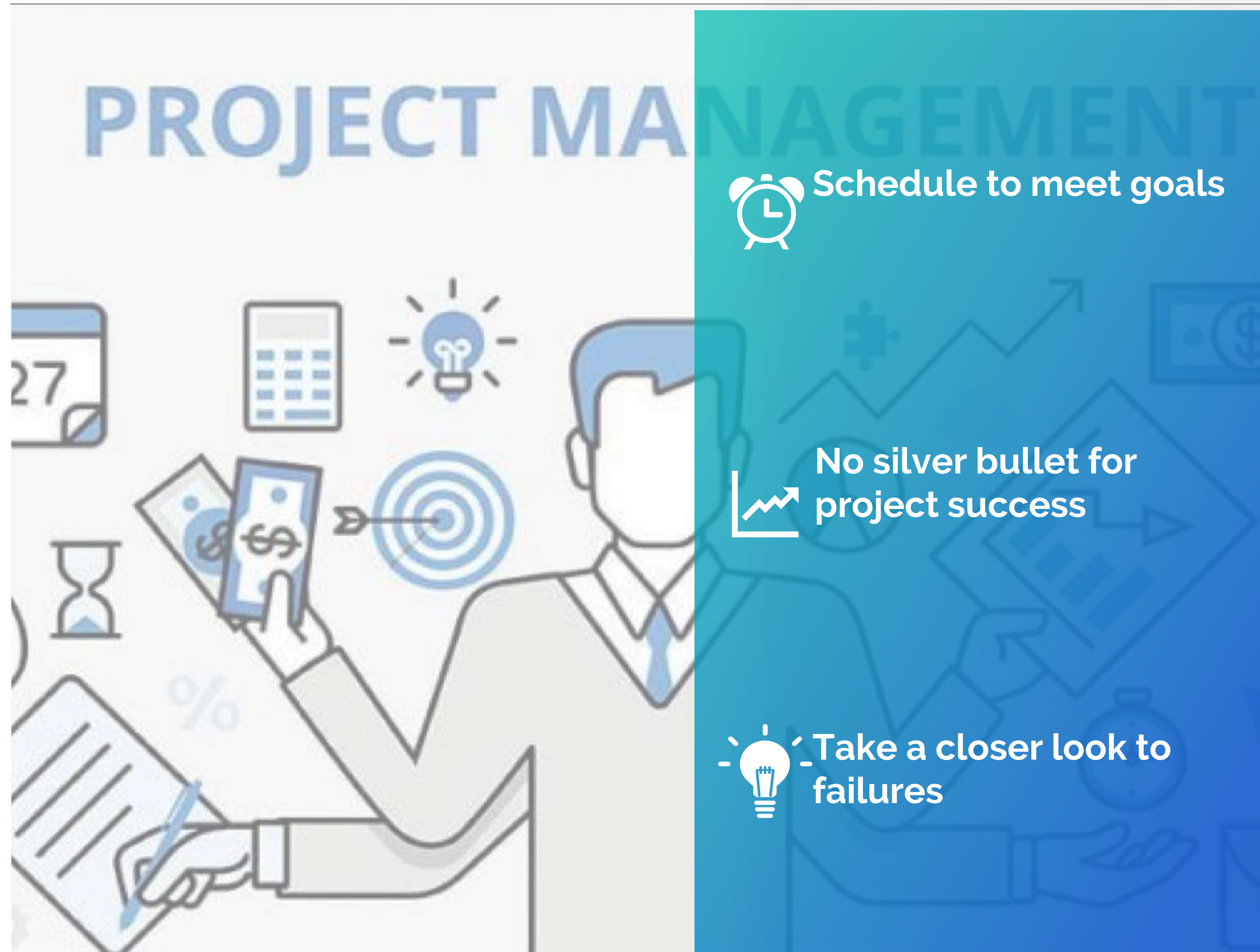
Reveal the sensitive parts of the baseline schedule

Project control

Measuring the performance of a project during its progress

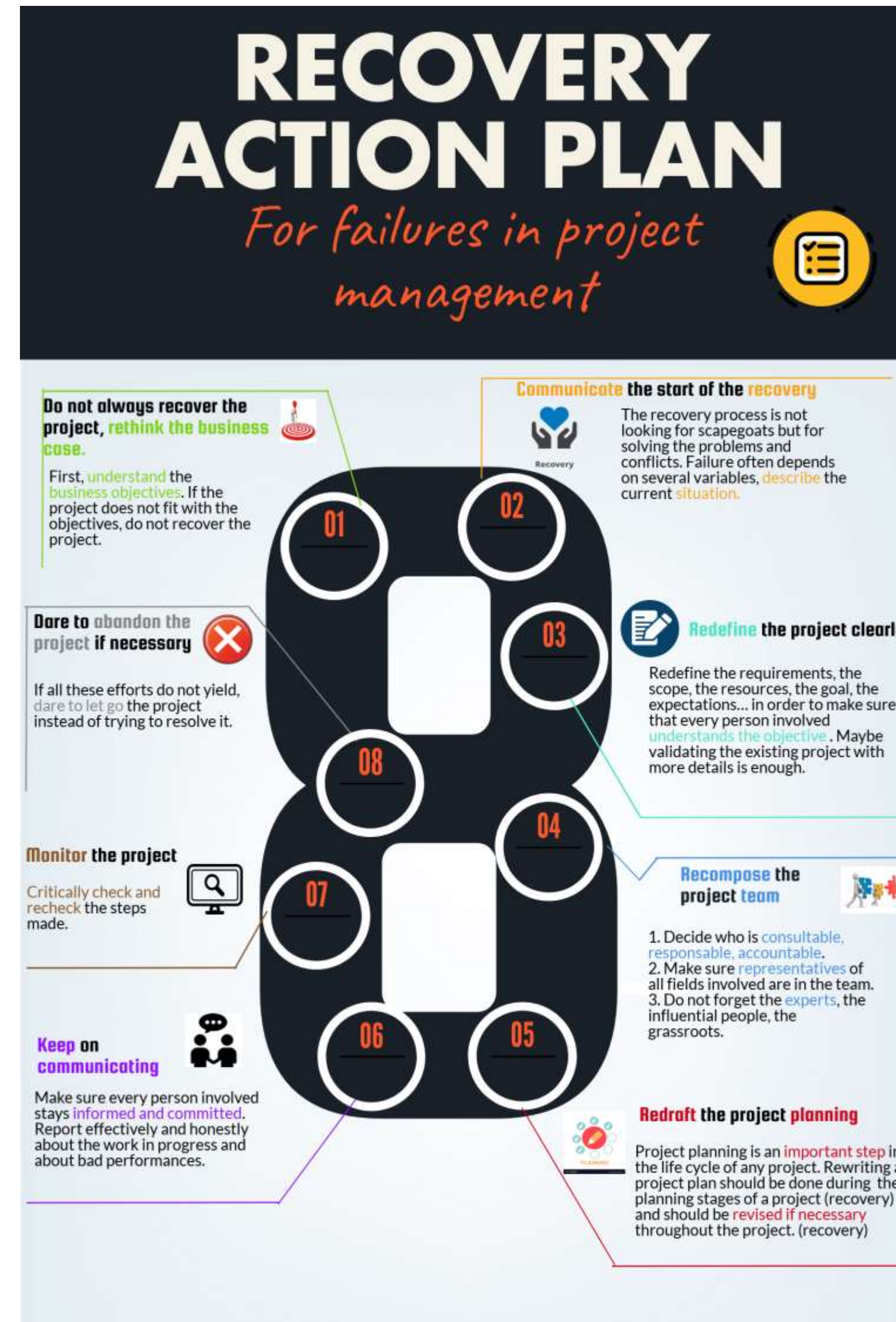
1. Introduction

“Project recovery”



1. Introduction

“Project recovery: action plan”



2. What is a project failure?

“Projects delivered significantly behind schedule, drastically over budget and without meeting specifications.”



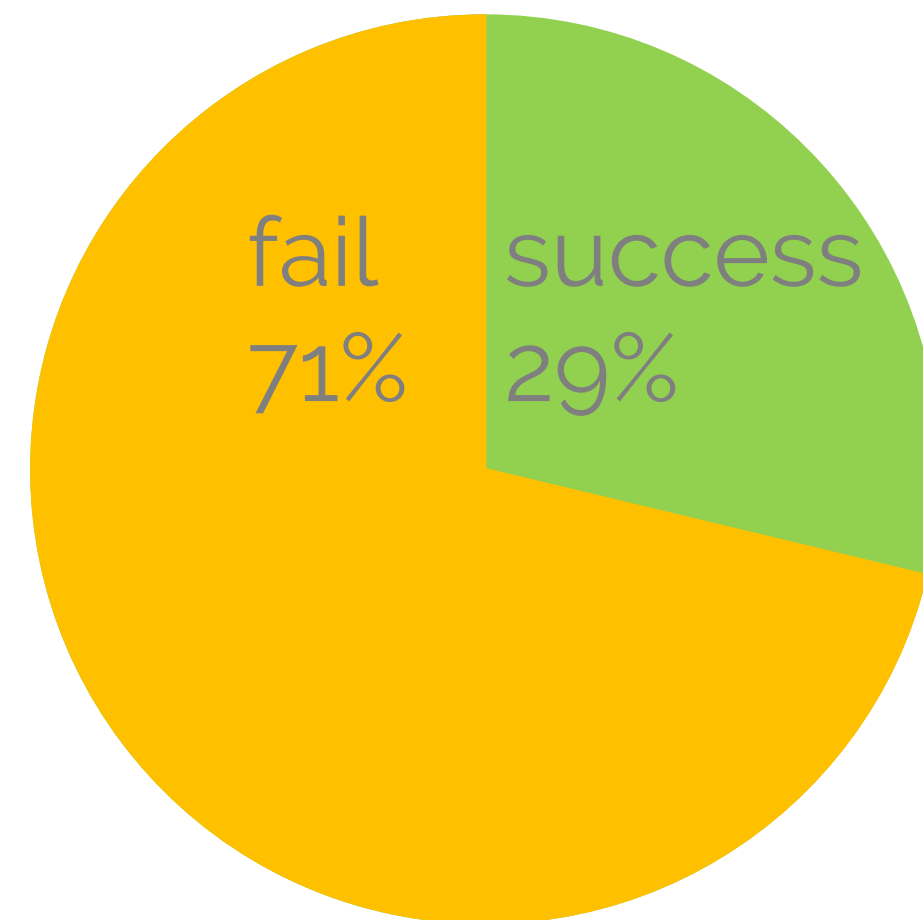
DEFINITION

Project recovery:
Different failures and how to
get rid of them

3. Statistics of project failures



Number of failed projects



Cost related to failures

Dollars at Risk in the Average Organization: \$74 million

This data represents 20,821 projects closed in the last 12 months by 134 organizations.

- Average number of projects closed per firm 155
- Average total cost of closed projects per firm..... \$200 million
- Average cost per project..... \$1.3 million
- Percentage of projects at risk—recovered (25%) or failed (12%)..... 37%
- Average dollars at risk per firm \$74 million
- Average dollars saved due to successful project recoveries per firm..... \$50 million
- Average dollars lost due to project failures per firm..... \$24 million

Time and cost overruns



4. Main causes of project failures

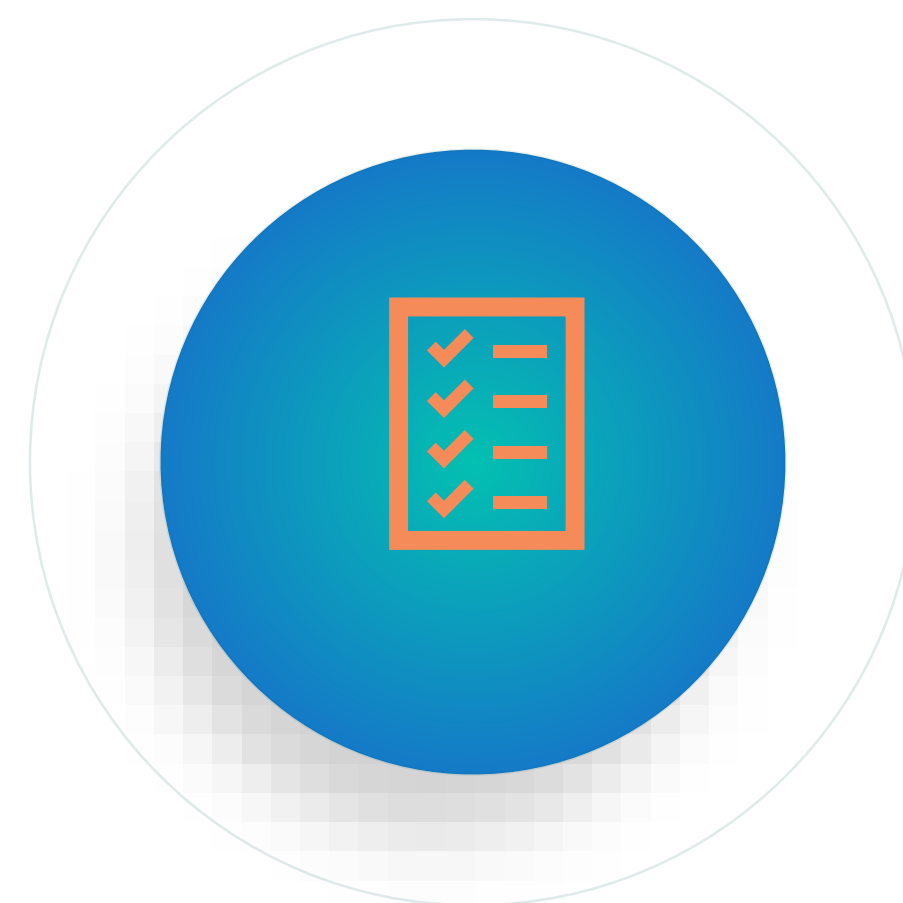


Lack of project management



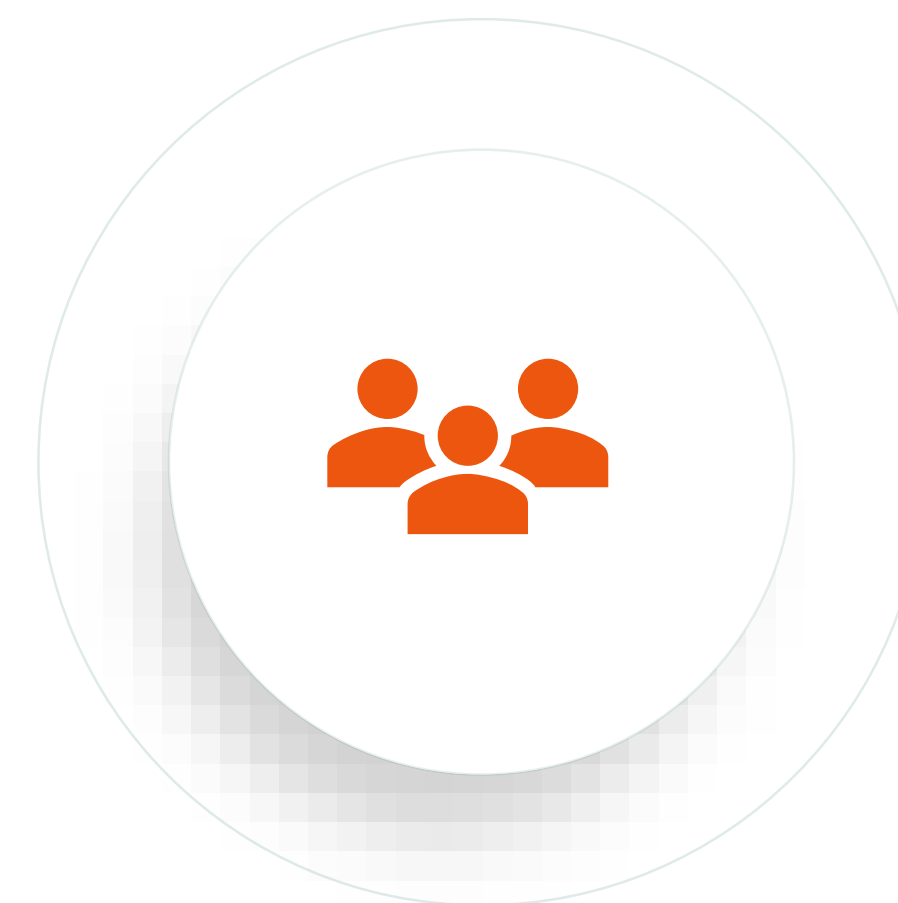
- Lesson learned: People don't understand the necessity and value of PM
- Underestimation of the value of PM

Lack of scope and requirements



- Lesson learned: Constantly changing scope and requirements
- Making a detailed scope document is imperative for successful project delivery

Lack of communication



- Lesson learned: Not great communicator
- Important to initiate more successful project terms of meeting the original goals, being on time and being within budget

Combination of different causes



- Lesson learned: Denver International Airport
- Avoid snow blocking effects automated Baggage Handling System

5. Warning signs and problem recognition



“Early warnings are signals, which can be seen variously as an expression, indication, a proof or a sign of existence of some future negative issues.”

2 METHODS

Connell's Approach

Kapur's Approach



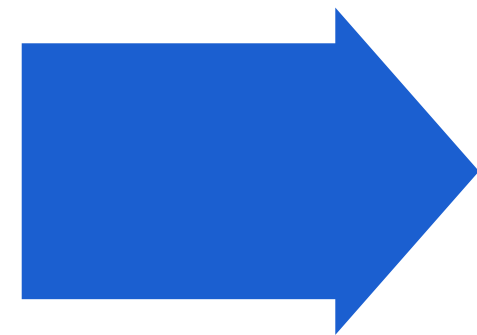
WARNING

5. Warning signs and problem recognition



Connel's approach

Initial assessment
to identify the areas of
trouble in the project



**Developing
a plan**



WARNING

5. Warning signs and problem recognition



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2 METHODS

Connell's Approach

Kapur's Approach



WARNING

5. Warning signs and problem recognition



Kapur's approach

Vital signs

Check for vital signs of the troubled project.

Meeting with decision makers

Meet with the decision makers to obtain key stakeholders and senior management buy-in before a decision to kill or recover the project.

Assessment

Make a quick and honest assessment of the project status.

Checking

A check of planned versus actual achievement on the schedule, resources used, milestones met and deliverables met.
A comparison of estimated versus actual cost of the project to date must be made.

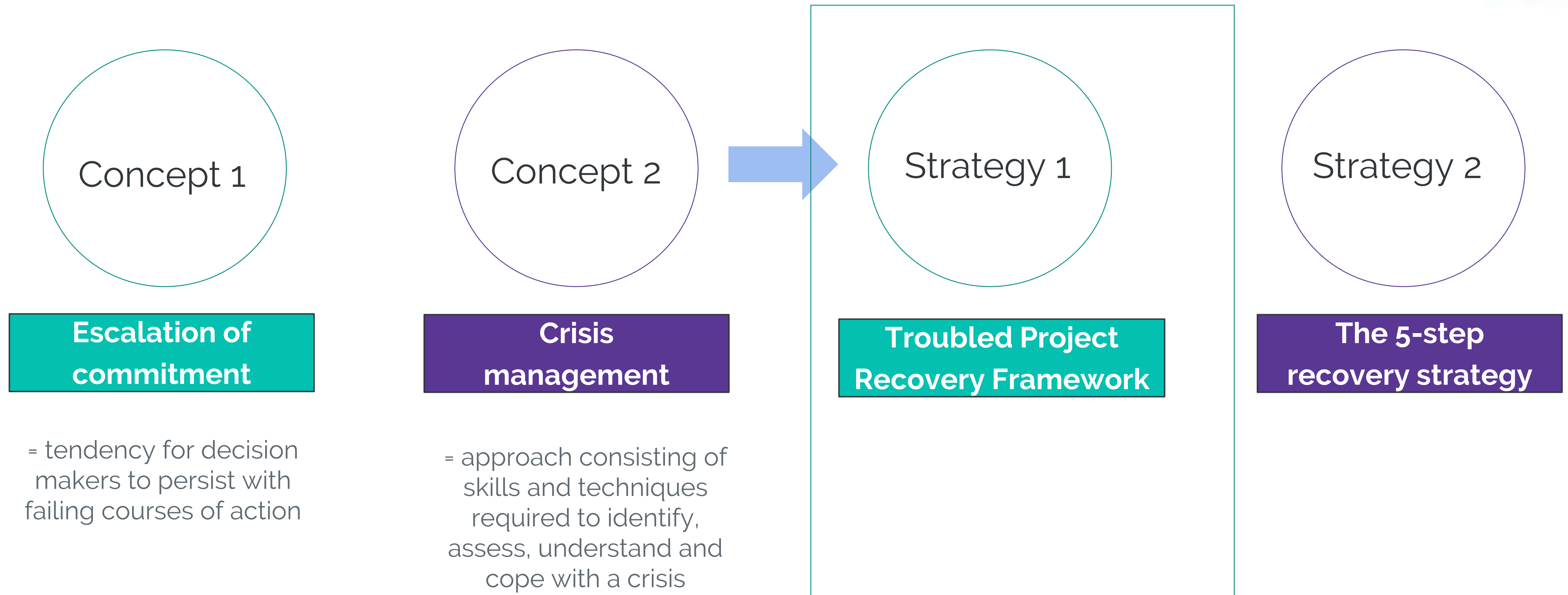
Decision

Do you want to recover or a kill of the project?

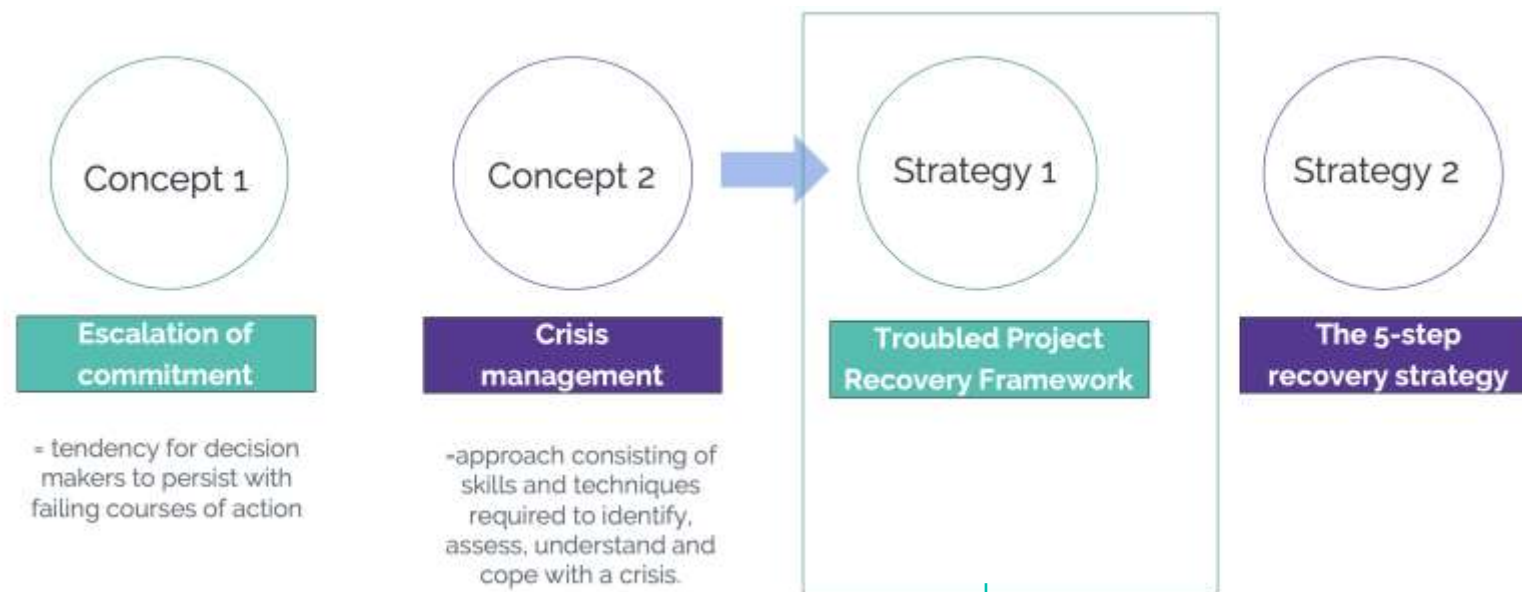


WARNING

6. Existing recovery strategies



6. Existing recovery strategies



Stage 1:
The problem
recognition and
recover decision

- Problem awareness = most crucial
- Action has to taken to admit that the project is in trouble
- Often recognize, but neglect early signs

Stage 2:
The immediate
recovery stage

- Bring the troubled project back to stability
- Unfavorable parts are taken out of the project

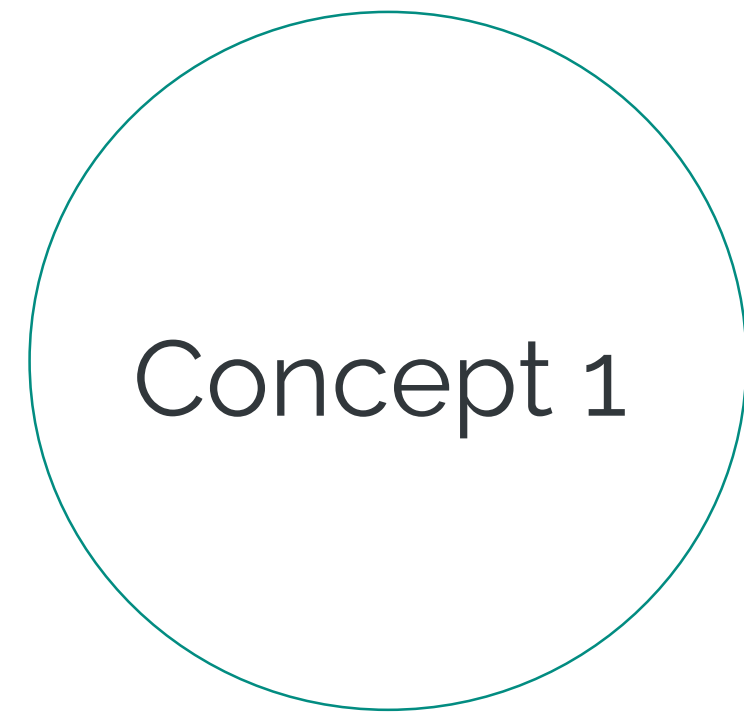
Stage 3:
Sustained
recovery stage

- Long time decisions
- Analysis of the project status
- Creation of an issue list with possible solutions

Stage 4:
Maturity stage

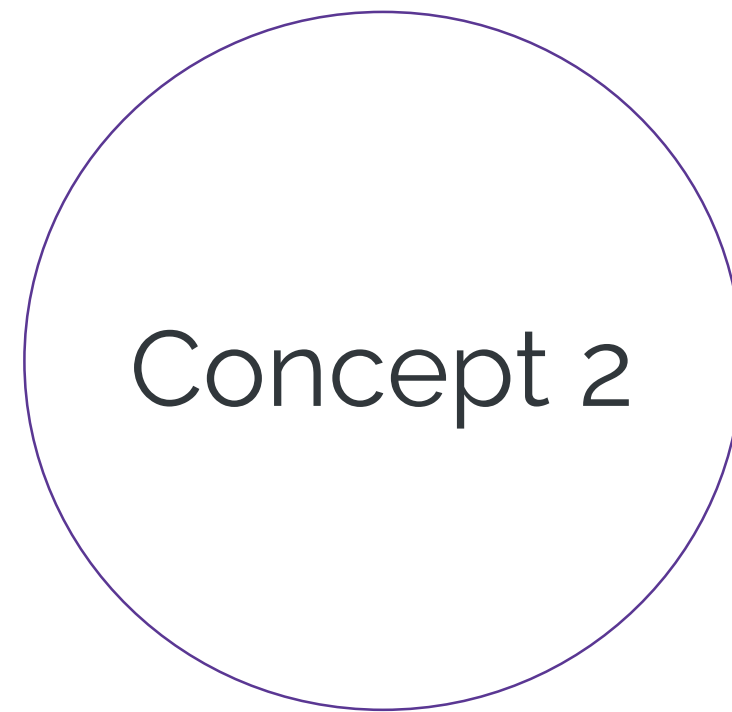
- Learning from previous failure
- Documentation, propagation and implementation

6. Existing recovery strategies



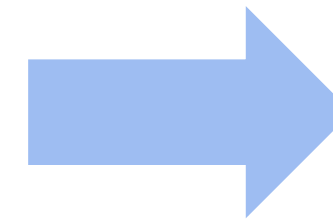
**Escalation of
commitment**

= tendency for decision
makers to persist with
failing courses of action



**Crisis
management**

= approach consisting of
skills and techniques
required to identify,
assess, understand and
cope with a crisis.

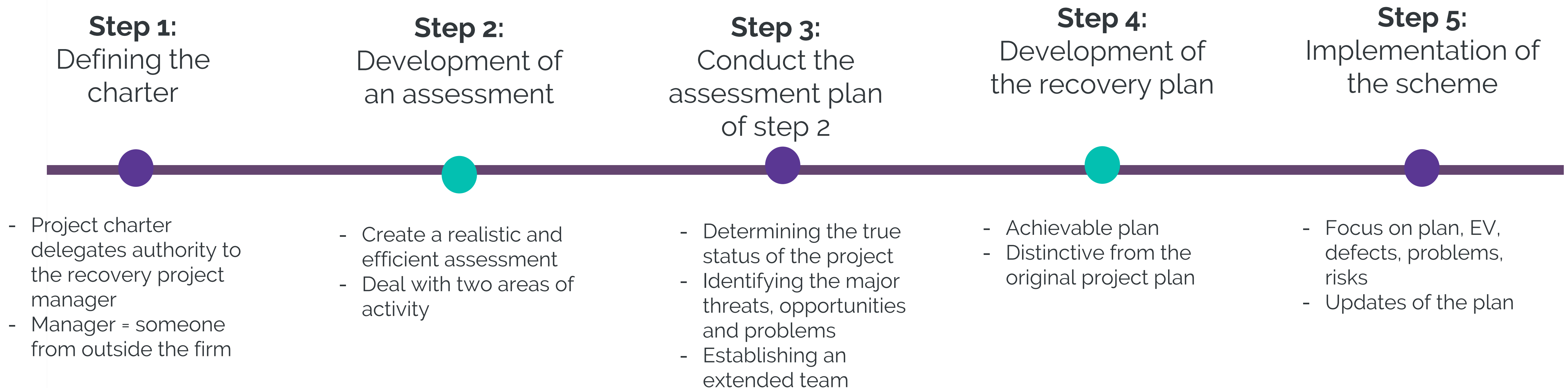
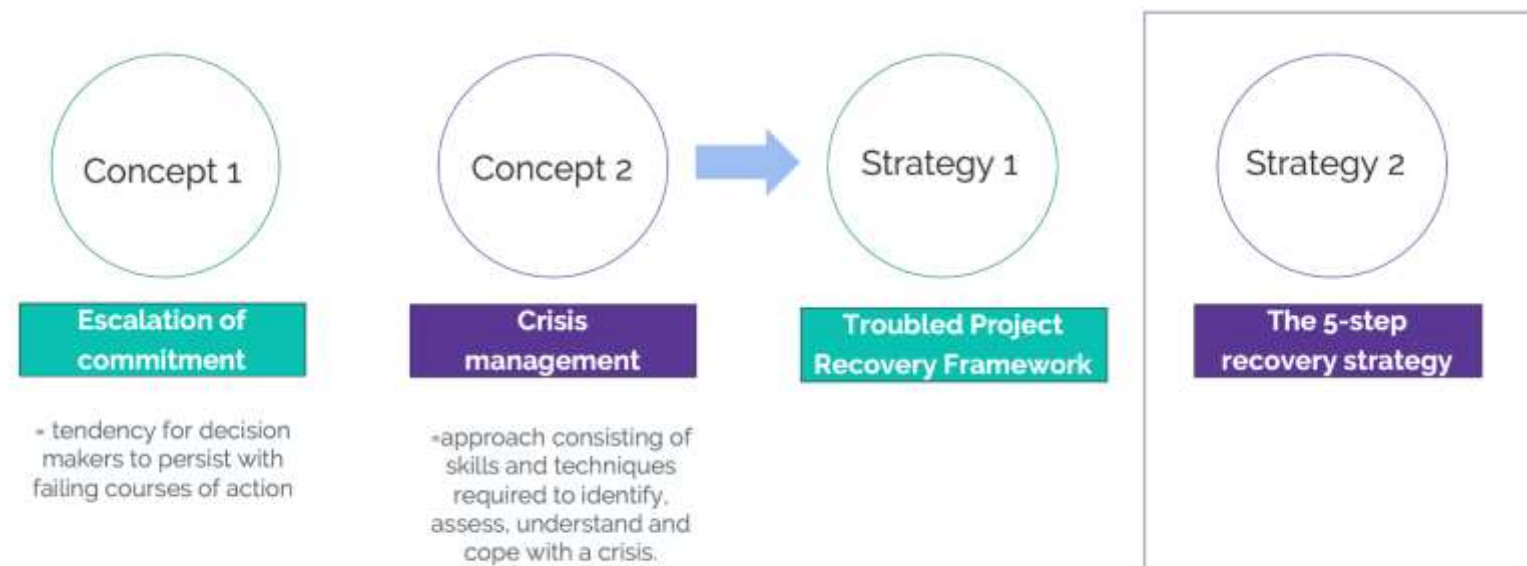


**Troubled Project
Recovery Framework**

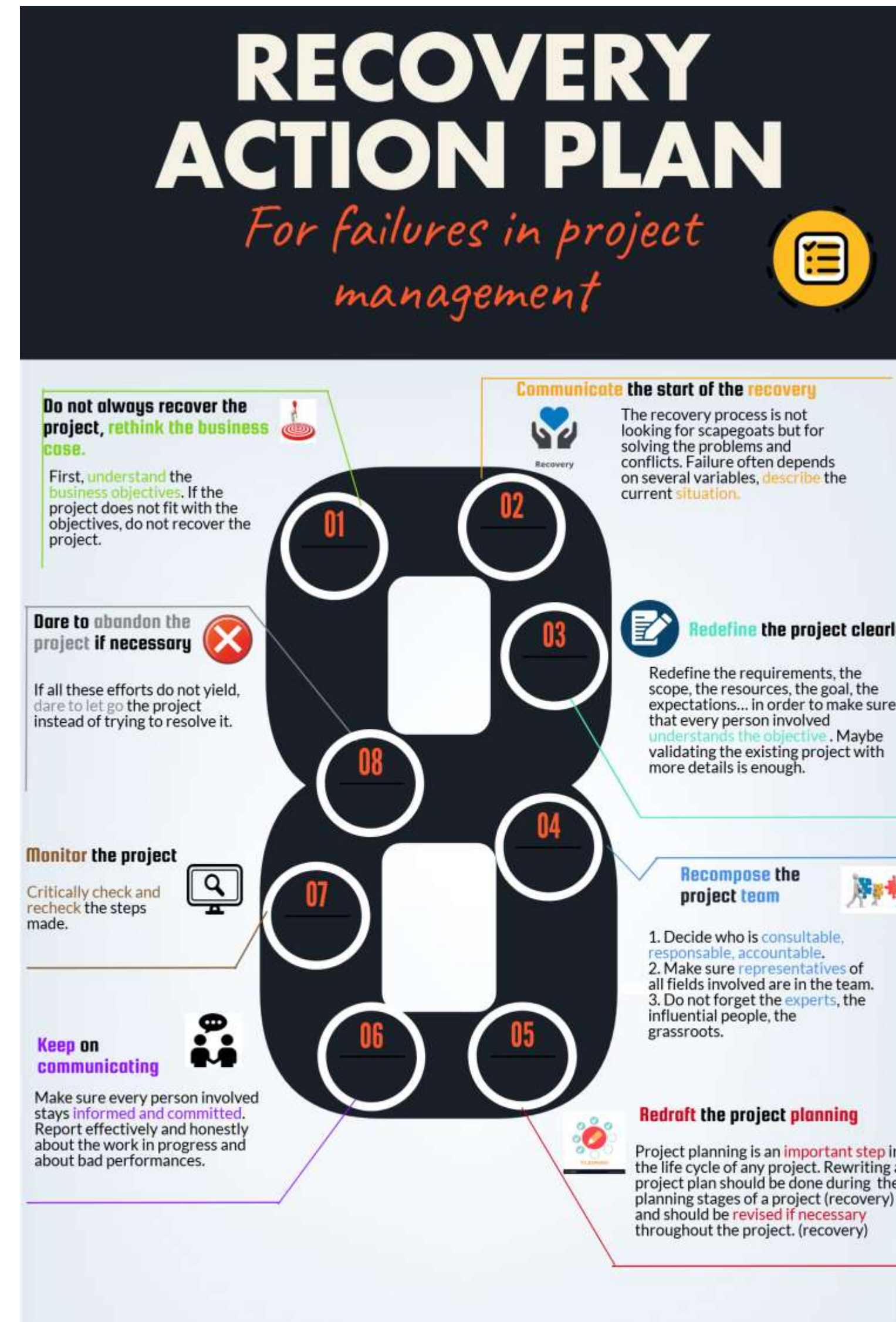


**The 5-step
recovery strategy**

6. Existing recovery strategies



7. Our own insights in setting up a recovery plan



Do not always recover the project, **rethink the business case.**



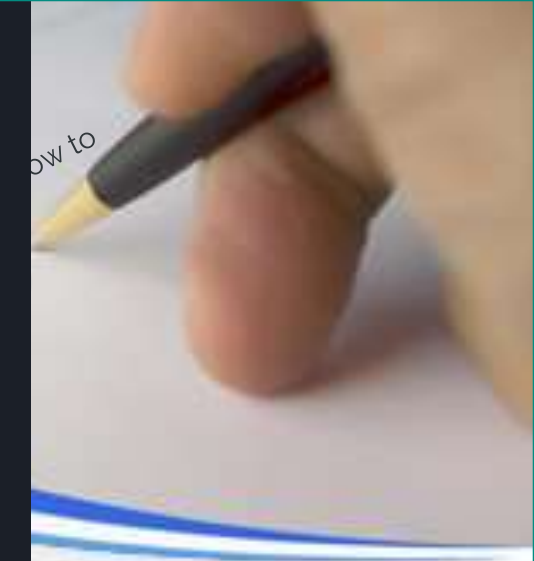
First, **understand the business objectives.** If the project does not fit with the objectives, do not recover the project.

Dare to abandon the project if necessary



01

Management



Communicate the start of the recovery



Recovery

The recovery process is not looking for scapegoats but for solving the problems and conflicts. Failure often depends on several variables, describe the current situation.

02

02

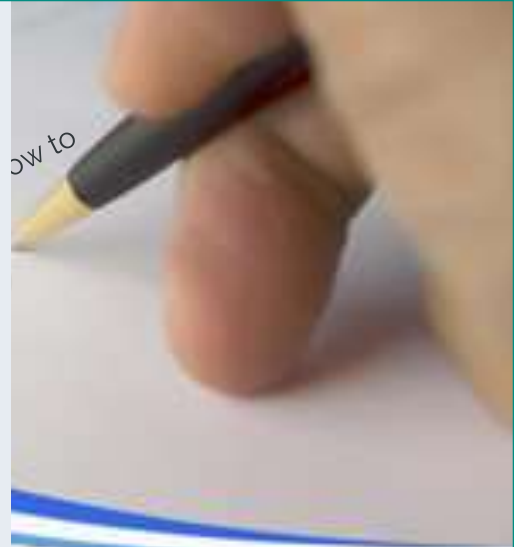
03

04



Redefine the project clearly

Redefine the requirements, the scope, the resources, the goal, the expectations... in order to make sure that every person involved **understands the objective**. Maybe validating the existing project with more details is enough.



more details is enough.

04

Recompose the project team



1. Decide who is **consultable, responsible, accountable**.
2. Make sure **representatives** of all fields involved are in the team.
3. Do not forget the **experts**, the influential people, the grassroots.

05

05

all fields involved are in the team.
3. Do not forget the **experts**, the influential people, the grassroots.



Redraft the project planning

Project planning is an **important step** in the life cycle of any project. Rewriting a project plan should be done during the planning stages of a project (recovery) and should be **revised if necessary** throughout the project. (recovery)



Keep on communicating



Make sure every person involved stays **informed and committed**. Report effectively and honestly about the work in progress and about bad performances.

06

05

Monitor the project

Critically check and recheck the steps made.



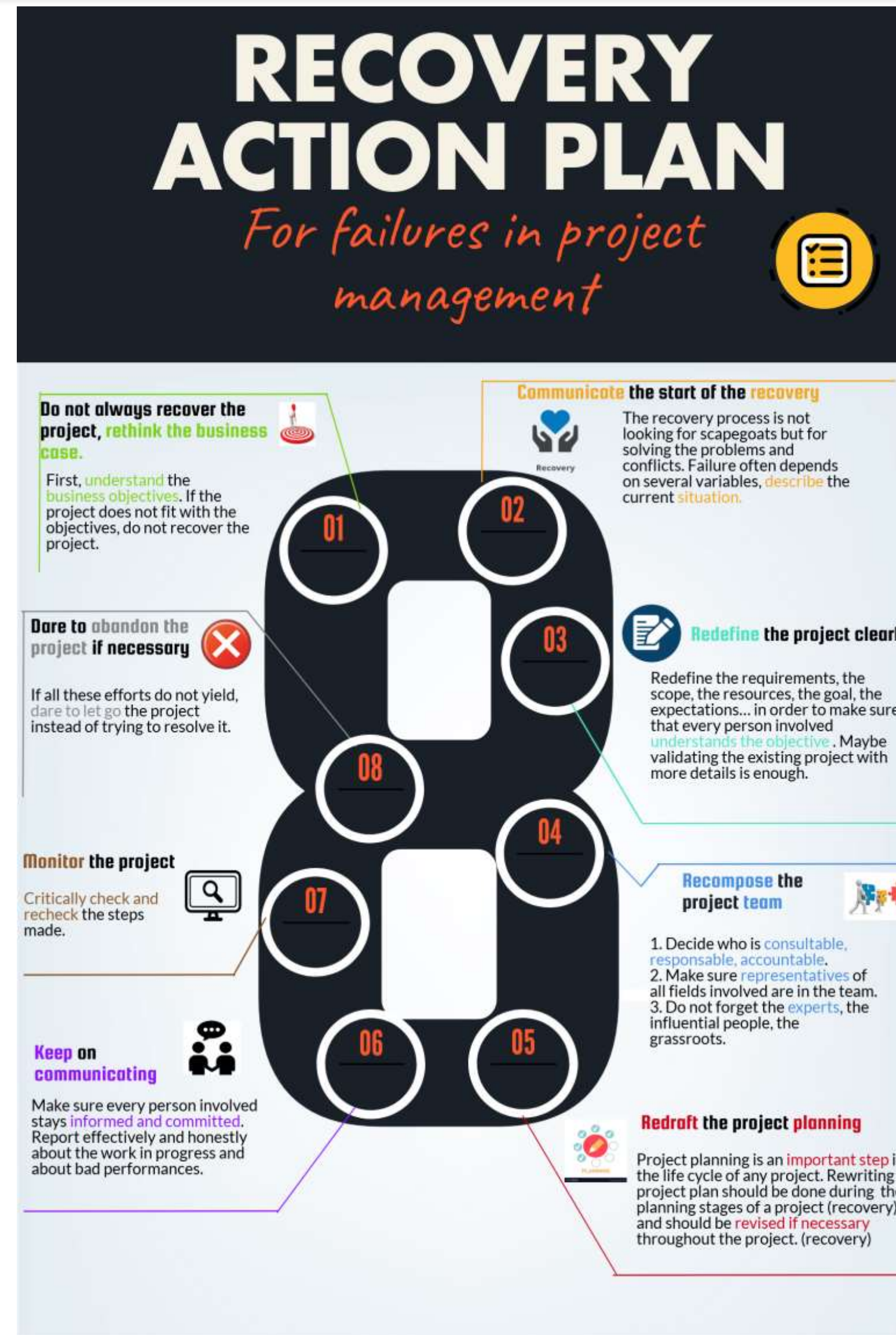
Dare to abandon the project if necessary



If all these efforts do not yield, dare to let go the project instead of trying to resolve it.

08

7. Our own insights in setting up a recovery plan





THANK YOU

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