

---

# CBPRESEARCH NEWS

## Troubled Projects

### Project Failure or Project Recovery

**O**VER THE NEXT twelve months, organizations that average closing \$65 million worth of projects will see \$30 million of those projects at risk of failing. That risk can be mitigated if the organization has in place a standard process for reviewing and recovering their troubled projects. These and other conclusions are drawn from the results of a survey of eighty-four project management practitioners by the Center for Business Practices, the research arm of project management consultancy PM Solutions.

Whether a troubled project ultimately succeeds or fails depends on the effectiveness of the actions taken to recover these projects. Before these actions can be taken, however, organizations need to be able to recognize problems and prepare to take appropriate corrective measures. *Troubled Projects: Project Failure or Project Recovery* is a benchmark of current practices in identifying and recovering troubled projects that was designed to investigate several issues:

- the extent to which projects are troubled and recovered
- the symptoms and root causes of the troubled projects
- the types of project recovery efforts and their outcomes.

The CBP surveyed senior practitioners with knowledge of their organizations' management practices and business results. The survey asked the respondents to assess their organization's portfolio of projects that were closed over the past 12 months, to determine whether the projects were successful, troubled then recovered, remained troubled, troubled then failed, or terminated for good business reasons.

Respondents were also asked the extent to which a variety of symptoms affected their decision to recover their projects, as well as to identify the root causes of trouble. Actions taken to recover the projects were reported, as well as the results of the recovery efforts.

#### Key Findings

- Of the organizations surveyed, 47% of their projects were troubled, troubled and recovered, or troubled and failed. Over a 12 month period 1,830 out of 3,874 projects that closed were troubled — organizations averaged closing \$65 worth of project, with \$30 million of those projects at risk of failing.

**Center for  
Business Practices**  
410 Township Line Road  
Havertown, PA 19083  
Tel: 484.450.0100  
Fax: 610.853.0527  
E-mail: [cbp@pmsolutions.com](mailto:cbp@pmsolutions.com)  
Web: [www.cbponline.com](http://www.cbponline.com)

# CBPRESEARCH REPORTS

Stay on the cutting edge of critical management issues, organizational priorities, and business practice innovations. CBP Research Reports put you in the know.

To purchase the complete research report, visit [www.cbponline.com](http://www.cbponline.com) or contact:  
Center for Business Practices  
410 Township Line Road  
Havertown, PA 19083  
877-813-5193 (toll free USA)  
484-450-0100 (outside USA)  
Price: \$95

- Issues around meeting schedule requirements appear to be the most significant symptoms of troubled projects, with risk to benefit delivery critical as well. The top five symptoms were:
  - Critical issues in meeting milestones or completing deliverables
  - High risk to the project's likelihood in delivering anticipated benefits
  - The project was forecasted to be unacceptably behind schedule at completion
  - The project was unacceptably behind planned schedule
  - There were critical and/or significantly growing technical issues with the project
- Most organizations don't have a standard process for recovering projects once they are identified as troubled — only 24% of organizations have a standard for recovering those troubled projects (and 31% have no process at all). Those organizations with a standard recovery process had 83% more projects that were successful, 195% fewer projects that remained troubled, and 120% fewer projects that failed, than those organizations without a recovery process.
- Issues around poor communication and poor project management processes are the primary root causes of troubled projects. The top five causes were:
  - Expectations were too high, unrealistic, not managed, or poorly communicated
  - Requirements were unclear, contradictory, ambiguous, or imprecise or there was a lack of agreement and priority
  - There was a lack of resources, resource conflicts, turnover of key resources, or poor resource planning
  - Planning was based on insufficient data, missing items, insufficient details, or poor estimates
  - Risks were unidentified or assumed and not managed
- Project recovery interventions are highly successful. They may consist of any number of actions — redefining the project, changing leadership on the project, adding resources, improving project management practices — that ultimately lead to project success. Project recovery interventions led to successful completion in 80% of organizations, either with the projects recovered and completed successfully (in 43% of organizations) or by setting new project expectations and meeting those new requirements successfully (in 37% of organizations).

*Troubled Projects: Project Failure or Project Recovery*, available from the Center for Business Practices (ring bound, 83pp., \$95 list), offers a wealth of benchmarking information on recovering troubled projects and clearly confirms that recovery interventions lead to project success.

# ABOUT THE CENTER FOR BUSINESS PRACTICES

**James S. Pennypacker**  
DIRECTOR

**Jeannette Cabanis-Brewin**  
EDITOR-IN-CHIEF

## CBPKNOWLEDGEBOARD

**John R. Adams**  
WESTERN CAROLINA UNIVERSITY

**David I. Cleland**  
UNIVERSITY OF PITTSBURGH (EMER.)

**J. Kent Crawford**  
PM SOLUTIONS

**Paul C. Dinsmore**  
DINSMORE ASSOCIATES

**Kevin Grant**  
UNIVERSITY OF TEXAS, SAN ANTONIO

**John Kennel**  
NCR CORPORATION (RET.)

**Joan Knutson**  
JOANKNUTSON.COM

**James R. Snyder**  
SMITHKLINE BEECHAM (RET.)

**Frank Toney**  
EXECUTIVE INITIATIVE INSTITUTE  
UNIVERSITY OF PHOENIX

**J. Rodney Turner**  
ERASMUS UNIVERSITY

**Ronald P.C. Waller**  
JOHNSON CONTROLS, INC. (RET.)

**Neal Whitten**  
THE NEAL WHITTEN GROUP

The Center for Business Practices is a knowledge center created to capture, organize, and transfer business practice knowledge to project stakeholders in order to help them excel in today's rapidly changing business environment. The CBP harnesses knowledge and expertise in strategy execution, portfolio, program, project, and performance management and integrates it into all products and services to deliver actionable, fact-based information.

## CBPRESEARCH

The CBP conducts original research to help organizations improve their portfolio, program, and project management practices. Research reports cover a wide range of topics, including strategy and projects, project portfolio management, project management maturity, the value of project management, project management training, and more.

## CBPSUMMIT • Strategy & Projects

The CBP Summit is a dynamic conference that benchmarks current best practices in executing strategy through effective portfolio, program, project, and performance management. Industry leaders and senior practitioners reveal their best practices through interactive presentations, panel discussions, and open forums.

## CBPBENCHMARKING FORUM

CBP Benchmarking Forums are facilitated two-day structured exchanges of best practice knowledge among senior practitioners.

## CBPBOOKS

Books published by the CBP include *The Strategic Project Office*, *Project Management Maturity Model*, *Optimizing Human Capital with a Strategic Project Office*, *Project Portfolio Management Maturity Model*, *Project Portfolio Management*, *Managing Multiple Projects*, and others. CBP books are available online at the CBP Store.

## CBPSTORE

The CBP reviews and sells the best literature on the market for understanding how to manage your organization and its projects effectively. Visit the CBP Store at [www.cbponline.com/bookstore](http://www.cbponline.com/bookstore).

## CBPE-ADVISOR

The *CBP e-Advisor* is a free, monthly e-mail newsletter that provides you with succinct pointers to practices to help you better manage your projects and business processes.

## WWW.CBPONLINE.COM

The CBP is a division of Project Management Solutions, Inc. For more information contact Center for Business Practices, 410 Township Line Rd., Havertown, PA 19083 USA; 484.450.0100; [cbp@pmsolutions.com](mailto:cbp@pmsolutions.com).

