Recover Projects from Failure ... Before They Begin

Jim Johnson of The Standish Group gives his best advice on avoiding project failures

by, Jeannette Cabanis-Brewin

CHAOS! IT'S THE VERY ANTITHESIS OF WHAT PROJECT MANAGERS STRIVE TO ACHIEVE – and also, paradoxically, the name of the most respected report on the success and failure of software development projects.

Since 1994, the Standish Group's CHAOS Report has led the field in research into what makes projects so difficult to manage successfully. The report's grim findings are probably the most cited statistics in project management and as such have provided both carrot and stick to project managers and companies seeking to implement or improve project management processes.

Over the past three iterations of the report, project success rates have risen incrementally: the latest figures show that successful projects (completed on time, on budget, and with most of the features and functions specified) now comprise 28% of projects studied, as compared to 26% in the 1998 study ... which was a dramatic improvement over the 16% success rate of the 1994 study. Meanwhile, many more projects have moved from the "Failed" (a project that is cancelled or unused) category into the merely "Challenged" category. And that's where project recovery comes in.

When a project falls into the challenged group-when it is late, over budget and/or failing to meet requirements- the most pressing question becomes: Is it worth it to continue? We asked Standish Group chairman James H. ("Jim") Johnson for his advice.

BPR: *How can project managers and executives best determine whether to kill or recover a troubled project?*

Johnson: I don't think there are any cut and dried rules. The analysis has to be done on a business-by-business basis. If, for example, the project is one mandated by law, it simply has to be done and you kick in all the resources you can to help it recover. At other times there are projects that may be recoverable but the costs don't align with the benefits.

I don't think people do enough risk and reward analysis, which has to be done on a continuing basis, as environmental factors can change quickly. Companies need a process for taking a regular look at their portfolio of projects and deciding, again and again, if the investment is going to pay off. As it stands now, for most companies, projects can take on a life of their own. Something that was once a good idea, now millions of dollars later, people say Why are we doing this?

If continuous self-assessment-whether it is once a month, once a week, or even once a year for some industries or funding cycles-is built in, you can have earlier kill decisions on failing projects, which saves immense amounts of money. And you can throw resources behind the projects that are worth pursuing.

This brings up another issue: how do you know which ones are worth pursuing? It all goes back to the project planning stage. Before you even begin you need to have a built-in "kill switch." As an integral part of planning, we need to ask ourselves: How much should we invest and when do we turn it off?

We always start out projects with this upbeat can-do schedule and plan. But the reality is, many projects fail. We know this. If you want to look at a baseball analogy, over the course of the season, 50% of the teams who play, lose-you might as well admit it to yourself. When you start a project your chances of losing are greater than that. Project managers should just face this reality and plan for it. If you can say, going in, I know the risk; I know the benefits; if the project reaches this point and I'm not realizing any benefits, I should kill it.

Instead we fall into the trap of thinking, if we just do it for another month … I already put a million dollars in this …. For example, here in the Boston area we have a project called The Big Dig. It's been failing rather spectacularly. Why wasn't there a kill switch in there? Because it was political.

BPR: *Talk to us about recovery strategies.*

Johnson: If you look at the things that are causing the project to fail and you can change those items, then you can recover -if you have to or if it makes sense financially. If you cannot make those changes then you can't recover. Sometimes it's just a restart and there's no way around it. You figure out what requirements you managed to solve and keep those and try to re-plan the rest.

Success rates are up and one of the reasons is because of the new trend I call "microprojects": a very small project that gets up very quickly and so you get to the important milestones very quickly ...if you are failing you can tell quickly if you need to kill it. You can act to save time, money and resources. This, I believe, is going to change the face of the project world.

AS WITH HUMAN ILLNESSES, when it comes to project failure an ounce of prevention is worth a pound of cure, Johnson notes. Instituting better portfolio selection and rigorous project planning and risk analysis, along with an iterative process of reviewing projects in progress for relevancy to business goals, will see the CHAOS figures alter … one day perhaps they can even rename the report.

Excerpted from *Project Management Best Practices Report*, January 2001
For catalog of publications visit www.cbponline.com