



## Project Management – Case Study # 4

### IMPLEMENTATION OF PROJECT MANAGEMENT

The first step in the implementation of project management is to recognize the true benefits that can be achieved from using project management. These benefits can be recognized at all levels of the organization. However, each part of the organization can focus on a different benefit and want the project management methodology to be designed for its particular benefit.

Another critical issue is that the entire organization may not end up providing the same level of support for project management. This could delay the final implementation of project management. In addition, there may be some pockets within the organization that are primarily project-driven and will give immediate support to project management, whereas other pockets, which are primarily non-project-driven, may be slow in their acceptance.

### The Enterprise Resource Planning Project

“What have I gotten myself into?” remarked Jerry as he looked at himself in the mirror. “I must have been crazy to volunteer for this project. Although I consider myself a good project manager, having been in project management for more than 25 years, I know very little about how to recover a failing project. This may be more than I can handle. I certainly do not want to end up in the hospital like the two previous project managers!”

### BACKGROUND

Most of Jerry’s project management career had been working for Mannix corporation, a company that provides information technology (IT) business solutions to companies around the world. In the past 10 years, Mannix had developed expertise in enterprise resource planning (ErP) systems. ErP is an enterprise wide information system designed to coordinate all resources, information, and activities needed to complete business solutions. ErP generally focuses on a single data- base that is common to all departments.



Information can be stored and retrieved on a real-time basis. However, some companies maintain an ErP in modules. The modular software design means that a business can select the modules as needed, mix and match modules from different vendors, and add new modules of its own to improve business performance.

More than a year ago, Mannix corporation won a contract from the Prylon company to create and install an ErP system using a single database. Prylon did not have a complete ErP system but had various modules that were purchased from a variety of vendors. Prylon tried desperately on its own to coordinate all modules into one data- base but failed. Prylon then hired Mannix corporation to try to unite all of the modules into one package. If that did not work, then Mannix corporation would have the right to remove the modular design and start over with a single database design concept.

The first project manager failed terribly. Several of Prylon's business systems were shut down temporarily while the project manager tried to coordinate the mod- ules. Functional managers were furious that they did not have access to the business systems they needed, and the daily operations of Prylon's business suffered. Prylon asked Mannix corporation to remove the first project manager and replace him.

The second project manager who was assigned was like a bull in a china shop. He did not understand Prylon's business, refused to learn and understand Prylon's business needs and culture, and made unrealistic demands on Prylon for additional support. The second project manager alienated senior management at Prylon to the point where they were willing to cancel the contract with Mannix corporation and go out for competitive bidding again.

### **EXECUTIVE DECISION**

Executives from Mannix corporation met with senior management at Prylon corporation and asked for one more chance. The original contract schedule was 18 months. It was now one year into the project, and it appeared that at least one more year would be needed to finish the job. Prylon did not want to let Mannix continue on with the contract.



But going out for competitive bidding again and having another contractor come back with an 18-month schedule would mean that the ErP system would not be operational for at least another two years. If Mannix corporation could succeed, the ErP system could be operational in less than a year. Mannix corporation was given a third chance but was told that a new project manager must be assigned.

Immediately after receiving the news that the project would continue, Jerry was asked to attend a meeting with senior management. One of the executives spoke up:

Jerry, I guess you know about the problems we are having with Pylon corporation. They have been one of our best clients over the years and we do not want to lose their business.

You are one of our best project managers and I am asking you to volunteer to become the third project manager and finish the project successfully. The choice is yours.

The first two project managers never looked at the early warning signs indicating that the project was getting into trouble. Projects do not go from “green” to “red” overnight. The early warning signs were either misunderstood or over-looked. In either event, we have a displeased client. We need a project manager who can reverse a possibly failing project. I know you have never been asked before today to take over a distressed project.

Jerry thought about it for a couple of minutes and then agreed to become the next project manager. One of the executives then stated:

When a project gets way off track, the cost of recovery is huge and vast resources are often required for corrections. We cannot give you any more resources and the contract is a firm-fixed-price effort. We will have to absorb the cost overruns.

I expect that some of the requirements will have to change during recovery.



The ultimate goal of a recovery project is not to finish on time, but to finish with reasonable value and benefits for Prylon corporation. The longer you wait to make the necessary repairs on the contract, the more costly the repairs will be.

As I see it, your biggest challenge will be the team. You cannot recover a distressed project in isolation. You need the team, and their morale is quite low at the moment. The team has been through two project managers already. not all project managers have the ability to recover a failing project. But I think you can handle it.

### **MEETING THE TEAM**

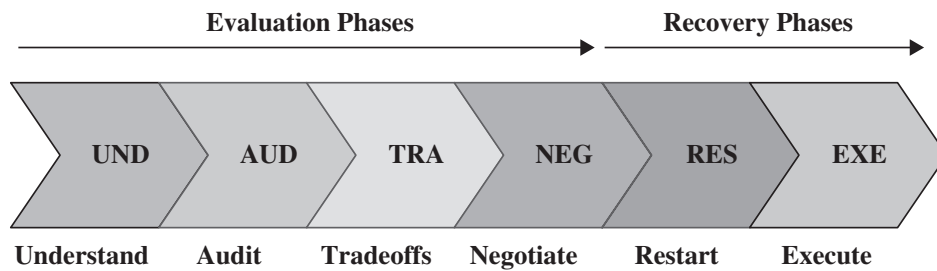
Jerry understood that his first concern had to be the morale of his team. He knew many of the team members personally through socialization and having worked with them on previous projects. At the meeting, the team stated that they felt that they were on a death spiral. The previous project managers had created unnecessary additional work, causing the team to work excessive hours on overtime. This placed increased stress and pressure on the team. Several team members were replaced, but at inopportune times. A consultant was hired to support the team, and they felt that it made matters worse.

It was pretty obvious now what Jerry had inherited:

- A burned-out team
- An emotionally drained team
- A team with poor morale
- An exodus of the talented team members who might be in high demand elsewhere
- A team with a lack of faith in the recovery process
- Furious customers
- Nervous management
- Invisible sponsorship
- Either invisible or highly active stakeholders



Jerry told the team that there were six life-cycle phases that must be accomplished to recover the distressed project. Jerry drew Figure I on the board and said that this would be his approach.



**FIGURE I** Recovery life-cycle phases

He also told the team that all overtime was cancelled and that they were not to work on this project for a few days until he reviewed the project and all of the facts. He said that they should re-establish their work-life balance and that this project was not the end of the world. He also said that he would re-establish an incentive program aligned with the successful completion of the project. Jerry knew there was a risk in asking team members not to work on the project for a few days because they might find a home on another project. But he felt comfortable about the first meeting with the team and believed that they would help him recover the project.

### **UNDERSTANDING PHASE**

Jerry collected all of the files, reports, memos, and letters that were part of the project. He reviewed the history of the project and had meetings with those senior managers at Mannix who had information on Prylon corporation. He reviewed the business case for the project, the expected benefits, the assumptions, and the project's objectives.

He also had to evaluate the enterprise environmental factors to see if they were still valid. To do this, he would need to talk to people at Prylon corporation. This would be essential. They would have to get to know him and trust him, and he would have to understand their needs and sensitivities.



The meeting with Prylon personnel went well. Prylon still wanted the entire ErP system as promised and was willing to accept the fact that the project would probably be six months late. However, Prylon still wanted to see the recovery plan and what trade-offs, if any, needed to be made before agreeing to a continuation of the project.

### **AUDIT PHASE**

Having completed the understanding phase, it was now time to reconvene the team and begin the audit phase. First, Jerry informed the team of his meeting with Prylon and stated that:

- The project is still considered to be of value to Prylon.
- The project is still aligned to Prylon's strategy.
- Mannix corporation is still committed to completing the project successfully for Prylon.
- All of the stakeholders are still committed but want to see the final recovery plan.
- Both Prylon and Mannix are motivated toward the rescue of this project.

The next item on Jerry's agenda during the audit phase was to improve morale. Jerry had already asked the team to stop working on the project for a few days and rest up. The next step was to make team members aware of Jerry's desire to listen to their concerns by allowing them to vent their issues. First, Jerry asked the team to look at the good things that happened on the project. The intent was to build morale.

Jerry then asked three questions:

1. Was the original plan overly optimistic?
2. Were there political problems that led to active or passive resistance by  
the team?



### 3. Were the work hours and workloads demoralizing?

The answers came quickly and to the point: The plan was overly optimistic; the requirements package was incomplete, resulting in numerous changes; and the previous two project managers assumed that the client was always right and agreed to all of the changes, thus resulting in increased workloads. The team felt that many of the changes were not necessary. To make matters worse, political infighting at Prylon impacted the project team. Both senior and middle managers at Prylon were interfacing directly with the Mannix project team members and asking them to do things that were not part of the original statement of work.

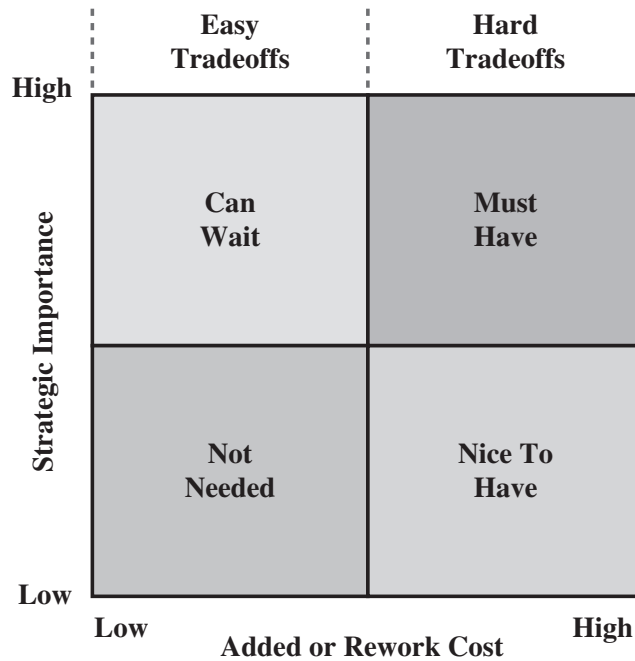
Jerry told the team that he would personally insulate them from interference from Prylon. From this point forth, any and all interfacing, questions, requests, or scope changes by Prylon personnel had to go through Jerry. The team seemed quite pleased with this change of events.

The next step in the audit phase would be most important. The team had to critically assess performance to date. As part of the audit, the team performed a root-cause analysis to identify the surface and hidden failure points.

Once the failure points were identified, the team had to determine what could be done within the original time frame established by the contract and what could be done if the project were allowed to slip by six months. The team listed all of the critical deliverables and beside each one indicated what was “a must-have,” “nice to have,” “can wait,” and “not needed.” The information was then drawn on the board. (See Figure II.) The team was told simply to list the issues on Figure II but not to analyze them yet.

### **TRADE-OFF PHASE**

With all of the issues now listed, Jerry asked the team to see where trade-offs could be made. Jerry wrote the following questions on the board beside Figure II:



**FIGURE II** Trade-off categories

- Where are the trade-offs?
- What are the expected casualties?
- What can and cannot be done?
- What must be fixed first?
- Can we stop the bleeding?
- Have the priorities of the competing constraints changed?
- Have the features changed?
- What are the risks?

Jerry and the team then reviewed all of the opportunities for trade-offs and came up with a recommended game plan to be presented to senior management at Pylon.



### **NEGOTIATION PHASE**

The team came up with a recovery plan, including various options. Now Jerry had to present the recovery plan to Prylon. Although it was common practice to ask some of the team members to accompany the project manager, Jerry decided to do it alone, in keeping with his promise of insulating the team from management at Prylon. Jerry knew there might be questions he could not answer but believed this to be the best approach.

Jerry started his presentation with an explanation of why he was there alone and that he would now be the only go-between from Prylon and Mannix.

He explained his reason for doing this and that this was the only way he could have confidence in the execution of the project according to the proposed new schedule. Jerry presented the team's recommended recovery plan and the various options based on what would be most important to Prylon right now—for example, time, cost value, and scope. Jerry appeared quite honest in his beliefs for recovery and continuously asserted that he was not giving them any unrealistic expectations.

The project would be no more than six months late, and he would do everything possible to accelerate the schedule. Jerry also asserted that he needed effective governance from Prylon to make this work, and he was now asking for their buy-in for the recovery plan.

Jerry had expected Prylon to ask for a few days for them to discuss his recovery plan, but much to his surprise, they took an immediate vote with Jerry present in the board room and gave him the authorization to proceed. They were a little unhappy that he was severing the interfacing between Prylon and the Mannix team and that everything had to go through him, but they understood his reasons for doing this and accepted his approach.



### **RESTART PHASE**

returning to Mannix corporation, Jerry called a meeting of the team to discuss the good news and the small changes that Pylon made to the recovery plan. Jerry knew that there were three options to restart a failing project:

1. Full anesthetic: Bring all work to a standstill until a recovery plan is finalized.
2. Partial anesthetic: Bring some work to a standstill until scope is stabilized.
3. Scope modification: continue work but with modifications as necessary.

Pylon's rapid approval of the team's recovery plan made the third option a reality. Jerry commended the team for doing a good job. When projects get into trouble, it is customary to bring new team members on board with new ideas. However, Jerry felt reasonably comfortable with the assigned team members.

### **EXECUTION PHASE**

Execution was now under way. Jerry prepared a memo and sent it out to all team members. The memo stated Jerry's expectations for recovery and included the following points:

- We must learn from past mistakes; making the same mistake twice is unacceptable.
- We must stabilize scope.
- We must rigidly enforce the scope change control process.
- It may be necessary to perform critical health checks.
- Effective communication is essential.
- We must maintain positive morale.
- We must adopt proactive stakeholder management and I will be responsible for this.

Do not rely on the company's project management methodology system to save us; the team, not the methodology, is responsible for the recovery. Do not allow unwanted stakeholder intervention, which increases pressure.



I will carefully manage stakeholder expectations. I will try to insulate the team from politics.

### Questions

1. Why did Prylon give Mannix corporation a third chance?
2. Do projects go from green to red overnight? If they do, then what is the most likely cause?
3. Should a firm-fixed-price contract have been awarded from the ErP effort?
4. Is it reasonable to expect that requirements will change during recovery?
5. What is the ultimate goal of a recovery project?
6. Do stakeholders expect trade-offs during recovery?
7. What generally happens to constraints such as time and cost during recovery?
8. Why was morale low when Jerry first took over the project?
9. What are the characteristics of a death spiral on a failing project?
10. What was Jerry's intent in cancelling overtime and asking the team to stop working on the project for a few days?
11. What were the risks in Question 10?
12. As identified in the case, what were the life-cycle phases for recovery, and what is accomplished in each phase?
13. Suppose that during the audit phase, Jerry discovered that one of the team members, who was a close friend of his, was the cause of most of the issues. How should Jerry handle the situation?
14. What should Jerry do during the negotiation phase if Prylon corporation comes up with its own recovery plan and the plan is unacceptable to Mannix?

