



RESCUING A TROUBLED PROJECT

INTRODUCTION

Most endeavors, business or personal, are bound to face challenges at one point or another. The introduction of a new product may encounter problems while manufacturing the first prototypes, a swimmer may not be meeting qualification times and needs to improve her technique, or that new digital antenna isn't getting the desired reception and may have to be moved once again. ERP Projects are no different from these endeavors, and they experience their share of challenges throughout the project lifecycle. Resources may not be available at the time they were planned for, a specific piece of functionality may not be working as intended and require rework, or the plan to interface to another system is not possible due to technological constraints and needs a workaround. A ERP project that is experiencing these issues is not necessarily a Troubled Project. It is only when there is no mitigation to issues as they come-up, or too many issues accumulate, that a project may be at risk of failure.

Problems are the price you pay for progress.

Branch Rickey

There are clear signs that a project is in trouble, and the good news is that there is a clear process for rescuing a troubled project. The first step to getting the project back on track is to recognize that there is a problem.

DEFINITION OF A TROUBLED PROJECT

A troubled project is defined as:

A project where the difference between what is expected and what has been accomplished exceeds the acceptable tolerance limits and is on a course that will lead to failure

Much like different organizations have different thresholds for risk, the tolerance limits they have for a troubled project vary. Some will see a one week delay as a non-issue, while others will see this a crisis, especially if the go-live date is a compliance requirement. Some organizations are more flexible in their ability to absorb work arounds to reduced functionality, yet for others the same functionality loss could translate into millions of dollars of lost revenue.

When it comes to troubled projects, there is not a “one size fits all” definition. For this reason, it can be difficult for an organization to recognize the signs that their ERP project is in trouble. Some of the areas that can go wrong include:

PROBLEM	LEADS TO
Incomplete or unclear requirements	<ul style="list-style-type: none"> • Missing functionality • Rework and schedule delays • Problems with testing execution
Lack of business involvement	<ul style="list-style-type: none"> • Delayed decisions – schedule impacts • Lack of momentum • Resistance to accept system
Unrealistic demands or over-commitment	<ul style="list-style-type: none"> • Missed deadlines and milestones • Overtime – budget impacts • Lower quality of deliverables
Lack of executive support	<ul style="list-style-type: none"> • Delayed decisions – schedule impacts • Conflicts with other initiatives • Unresolved issues and resourcing problems
Inadequate change control process	<ul style="list-style-type: none"> • Scope creep • Rising costs • Rework - Schedule delays
Unrealistic planning	<ul style="list-style-type: none"> • Missed dealines and milestones • Resourcing conflicts • “hurry up and wait” behaviour
Ineffective project team	<ul style="list-style-type: none"> • Negative work environment • Silos • Missed deadlines
Lack of technical knowledge	<ul style="list-style-type: none"> • Over-complication of solution • Analysis paralysis • High defect rates
Poor execution of methodology	<ul style="list-style-type: none"> • Unclear roadmap to complete project • Confused / frustrated project team • Incomplete or missed deliverables

All the items within the “Leads To” column above are warning signs that a project could be trouble. They will not all appear at once – first there will be the more subtle, behavioural signs such as an unhappy project team or a chaotic work environment, followed by the need to re-work or re-set parts of solution or the plan, and later still the more evident signs of trouble with missed deadlines, higher costs, and low quality.

OPTIONS ONCE WARNING SIGNS APPEAR

There are various options to correct the course of a troubled project, depending on the severity of problem and the phase the project is in. The earlier the problems are detected the easier it is to take corrective action, and less the impacts to the project overall. As a project nears go-live, the costs (in time, effort, and money) to implement the fixes that may be required increases. The table below summarizes the options for recovery for each phase of the project:

PHASE	WARNING SIGNS	RECOVERY PLAN
PREPARATION	<ul style="list-style-type: none"> • Lack of business involvement • Planning not progressing 	<ul style="list-style-type: none"> • Executive Sponsor to escalate business involvement • External facilitation to improve planning process
DESIGN	<ul style="list-style-type: none"> • Schedule overruns • Scope creep • Design not meeting requirements 	<ul style="list-style-type: none"> • Review and clarify requirements • Re-establish project objectives • Assess project team skillsets • Assess project management skillsets
BUILD	<ul style="list-style-type: none"> • On-going, unresolved issues • Scope creep • Prioritization conflicts • Missed deliverables 	<ul style="list-style-type: none"> • Active management of issues and deliverables • Increased communication • Establish short-term roadmap • Establish core team to monitor progress
FINAL PREPARATION	<ul style="list-style-type: none"> • Problems with cutover trials • Issues with training • Unresolved data discrepancies. 	<ul style="list-style-type: none"> • Bring external advisors to facilitate technical issues. • Increase business involvement and support
GO LIVE	<ul style="list-style-type: none"> • Broken functionality • Data integrity problems • Training gaps 	<ul style="list-style-type: none"> • Establish core technical team to fix functional and data problems • Establish core business team to address training and data problems

If the problems persist after corrective action is taken, the project performance will continue to deteriorate. Schedule slips will become significant and require an extensive re-planning effort, the additional costs may require re-approval by the Steering Committee or company's Board of Directors, and there may need to be adjustments to overall scope and the expectations for the benefits to be delivered by the implementation. It is at this point that a full **Project Rescue** may be required.

DEFINING A PROJECT RESCUE

A project rescue is defined as:

A project rescue is a radical approach and method to re-set the project's schedule, scope, and budget in order to still deliver the project's objectives and intended business benefits.

The largest obstacle to initiating a project rescue is the acceptance that there is a problem that needs to be fixed. Many view this admittance as a negative reflection of themselves, their reputation, or the organization and delay going down this path as long as possible. Unfortunately, the longer a rescue is delayed, the harder, and costlier, it is to fix.

Not all troubled projects should be rescued. In some cases, it is best to write an unsuccessful project as a learning experience and move on.

<p>A project should not be rescued if:</p> <ul style="list-style-type: none">• Benefits cannot be delivered• Lacks executive support• Project team cannot be allocated• Changes required for success cannot be executed	<p>A project should be rescued if:</p> <ul style="list-style-type: none">• Benefits can still be achieved• The project is still considered of importance to the organizations• There is a strategic value to completion the project even at a higher cost• The project is critical to the survival of the organization
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If the decision is to rescue, there are 6 key steps to project salvation:

1. STOP all project activities and assess the current situation
2. Revisit the project Governance and Project Team
3. Re- Plan
4. Establish Metrics
5. Communicate
6. Execute → Monitor → Adjust → Repeat

STEP 1: STOP AND ASSESS THE CURRENT SITUATION

The step in a project rescue that is the most difficult is the first:

STOP ALL PROJECT ACTIVITIES

Most organizations struggle with stopping a project as it is often interpreted negatively. However, to continue to work on the project just causes churn of resources and can even interfere with the root-cause analysis needed to turn the project around. Stopping all activities gives the project team the time they need to re-focus.

From a tactical perspective, the current state assessment involved meeting with key stakeholders and project team members, and reviewing all project documentation. The document review should include:

DOCUMENT	KEY CONTENT	INFORMATION USED TO
Business Case	<ul style="list-style-type: none"> Business Need Objectives / goals Budget commitment 	<ul style="list-style-type: none"> Validate project aligned to business need and objectives Validate project metrics and expectations
Project Charter	<ul style="list-style-type: none"> Project Executive Overview Define authority of Project / Program Manager 	<ul style="list-style-type: none"> Validate if Project Manager granted sufficient authority Establish if project has clear direction
Project Scope Statement	<ul style="list-style-type: none"> In Scope / Out scope business processes and requirements Organizational, geographical and other scope categories 	<ul style="list-style-type: none"> Determine if there is detailed understand of solution and solution impacts Determine if out of scope items are clearly understood
Project Management Plan	<ul style="list-style-type: none"> Project Standards 	<ul style="list-style-type: none"> Determine if key processes implemented Assess effectiveness of management processes
Project Schedule	<ul style="list-style-type: none"> Deliverables, dependencies, resource plan 	<ul style="list-style-type: none"> Identify key dependencies Determine if planning contains sufficient detail for early warning of problems
List of Customizations	<ul style="list-style-type: none"> Includes all reports, integrations, conversion, enhancements, forms and workflow items 	<ul style="list-style-type: none"> Assess complexity of solution and required technical skillsets
Risk and Issues Logs	<ul style="list-style-type: none"> On going issues and their resolutions. Identified risks 	<ul style="list-style-type: none"> Assess impacts issues and risks may have had on project execution
Technical and Application Landscape	<ul style="list-style-type: none"> Diagram of technical infrastructure, applications, and how they are integrated 	<ul style="list-style-type: none"> Assess complexity and technical impacts Assess if project plans are aligned with technical and application landscape

The final assessment should link the findings from the discussions with stakeholders and the project document review with the key delivery areas of an ERP project. A sample dashboard of the assessment that can be used to discuss the finding is below:

Area	Observations	Risk Indicator
Integration Management	Project Charter: OK – Needs to be updated Project Management Plan – “Playbook” - Incomplete. Needs significant rework. Project Execution – No clear direction. A lot of work but not linked to a specific plan	Y
Scope Management	Requirements – Documented. New requirements still being added Scope Statement – No scope statement Change Control – Not enforced process	R
Time Management	Project Schedule – No published schedule for Design, 1 st draft of integrated plan Schedule Monitoring – No schedule to monitor Resource Plan – Not understood. A lot of people, not clear on roles & responsibilities	R
Cost Management	Project Budget – exists. Need to understand Cost Control- processes exist. Need to understand ownership	Y
Quality Management	Need to understand	N/A
Human Resource Management	Project Structure – New structure rolled-out. Roles & Responsibilities – Top-level finalized. Team transitioning into new R&R. Need to define lower levels.	Y
Communications Management	Information Flow – Filtering of information by working group. Not fully understood Project Repository – Not being leveraged. Stakeholder Involvement – Need to assess. Reporting – No standard reporting. No understanding of current project status.	Y
Risk Management	Risk Management – process not enforced. Multiple logs. Issues Management – process not enforced. Multiple logs	R
Procurement Management	Procurement Processes – need to understand Vendor Management – need to understand. Have halted new onboarding and to control resource allocation	Y

STEP 2: REVISIT THE PROJECT GOVERNANCE AND PROJECT TEAM

The Project Governance structure provides the framework within which project decisions are made. It establishes a logical, robust, and repeatable process to govern the progress of the ERP implementation.

There are three pillars to project governance: People, Structure, and Information. The proper set-up of the project governance is paramount for ERP project success. The project governance of the initial ERP implementation should be assessed up-front as it may lead to critical gaps that need to be addressed as part of the project rescue



When analyzing the governance set-up, the following core principles should be taken into consideration:

Principle	Notes
Single Point of Accountability	<ul style="list-style-type: none"> • “One throat to choke” • Has to be the right person: <ul style="list-style-type: none"> -Has to have the right level of authority -Has to be from the right area of the organization.
Establish Service Delivery Accountability	<ul style="list-style-type: none"> • The project owner has an interest in the service being delivered by the project. • Accountability includes the complete project life-cycle, such as post-project, operation costs.
Separate Project Management and Stakeholder Management	<ul style="list-style-type: none"> • Project Management should work with a small group of decision makers to effectively execute tasks and address issues. • Stakeholder Management can be a time consuming effort that requires a separate approach.
Separate Project Governance and Organizational Governance	<ul style="list-style-type: none"> • Projects require flexibility and speed of decision making. • Organizations have check-points that may not be applicable or add value for project execution

Assessing the Executive Team

The tone for an ERP implementation starts at the top. Depending on the scope, an ERP implementation requires that it be either the first corporate priority, or fairly close to the top priority. Two key components of the executive leadership needed to deliver a successful ERP implementation reside with the Steering Committee and the Executive Sponsor.

The **Steering Committee** needs to have the right members of the executive team guiding the project. A full-ERP implementation impacting all areas of an organization’s business would require participation from the full executive team: the VP’s heading business units or departments, the CFO, CIO, the head of Human Resources, Chief Legal Counsel, and, in some cases, the CEO. The Steering Committee should also include representatives of key areas that will be impacted by the implementation that may be external or indirectly related to the organization. The assessment of the Steering Committee should include committee’s understanding of Roles and Responsibilities, each member’s commitment to active involvement, and the role operational demands may have had on the project.

The assessment of the **Executive Sponsor** should include looking at the key attributes of an effective sponsor, including: understanding of the problems the project will resolve, active participation to remove barriers, procures resources, acts as an advocate and coach for the project, and acts as a Change Agent for the organization.

Assessing the Project Team

Another step in determining the root cause for the problems of the initial implementation is the assessment of the skillsets of the project team. This needs to be done delicately as many people would have devoted significant effort and time into the first implementation so it is recommended that this assessment be performed by an impartial third party. The assessment needs to look at Team Roles and Team Skill Sets to ensure all needed roles are identified and matched with a team member who understands the role and has the required skillsets.

It is common for project resources to be partially allocated to the project. This means that employees have to manage conflicts between project needs and operational needs. If the operational demands outweigh the project demands over the long-term, there would be impacts to project deliverables, timelines, and budgets that may have contributed to the problems with the first implementation.

Assessing the Project Manager

Project Management tasks or responsibilities are often on “Top Reasons Why Projects Fail” and a key reason why a project may need to be rescued. When assessing Project Management Skills, the following should be considered:

- Is business knowledge critical to the success of the project
- Does the required skill-set exist?
- Seen as an expert – will they have authority
- Seen as a strong leader
- Do they have persuasion and influence?
- Ability to say “NO”
- Will be able to deliver difficult news – will the truth be told

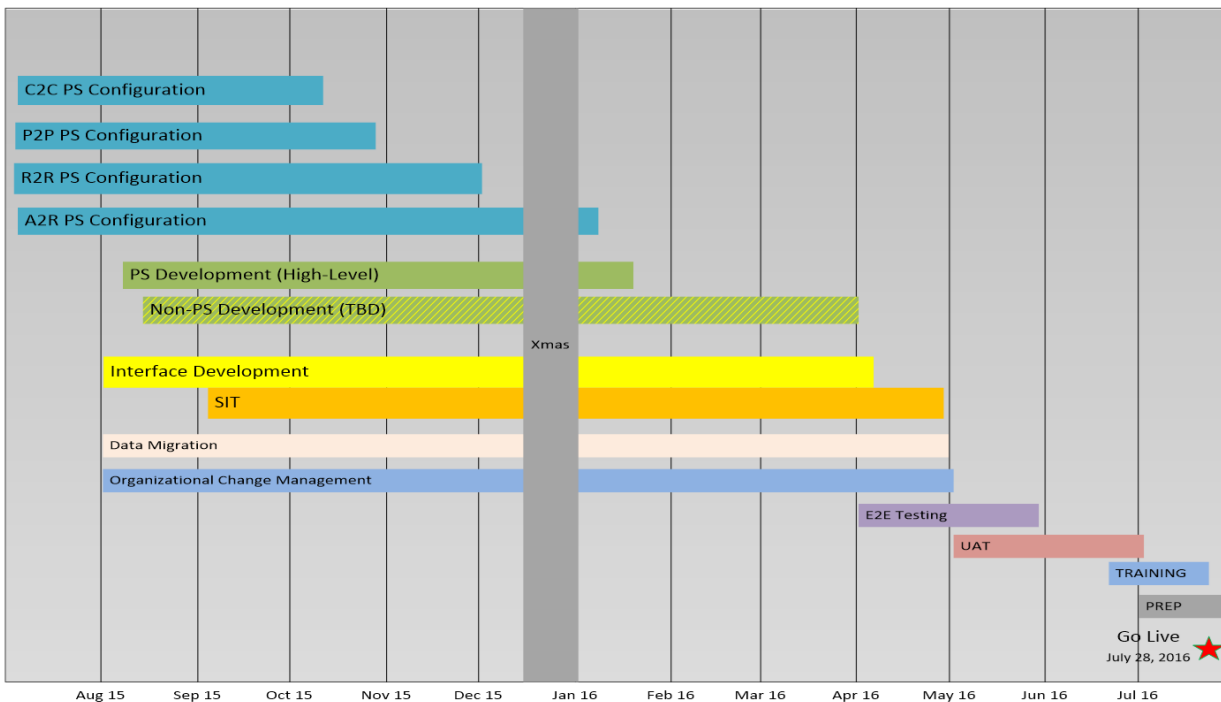
Project Management tasks or responsibilities are often on “Top Reasons why Projects Fail” lists

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1. Inadequately trained and/or inexperienced project managers
 2. Failure to set and manage expectations
 3. Poor leadership at any and all levels
 4. Failure to adequately identify, document and track requirements
 5. Poor plans and planning processes
 6. Poor effort estimation
 7. Cultural and ethical misalignment
 8. Misalignment between the project team and the business or other organization it serves
 9. Inadequate or misused methods
 10. Inadequate communication, including progress tracking and reporting
- source: gantthead.com
1. Poor sponsorship
 2. Unclear requirements
 3. Unrealistic timescales or budgets
 4. Scope creep
 5. Poor risk management
 6. Poor processes/documentation
 7. Poor estimating
 8. Poor communication/stakeholder engagement
 9. Poor business case
 10. Inadequate/incorrectly skilled resources
- source: pmstudent.com
1. Lack of User Involvement
 2. Long or Unrealistic Time Scales
 3. Poor or No Requirements
 4. Scope Creep
 5. No Change Control System
 6. Poor Testing
- source: www.coleyconsulting.co.uk

STEP 3: RE-PLAN

The planning refers to more than just revamping the project schedule. As part of the re-planning exercise, the following items need to be established and/or clarified:

- Re-establish project governance incorporating changes from assessment in Step 2, including changes to Project Sponsor, Steering Committee, and/or Project Management
- Clarify and validate project objectives
- Clarify, establish, and agree (sign-off) on the Scope Statement
 - Business Processes
 - In-Scope / Out of Scope Requiements
 - List of customizations (RICEFW List)
 - Completed and remaining deliverables
- Re-establish Core Project Team and other Resources
 - Obtain the right resources (skills and time commitment)
 - Consulting and business
- Implement required changes to management standards and procedures
- Develop the project schedule
 - To the right level for risk management and to identify integration points

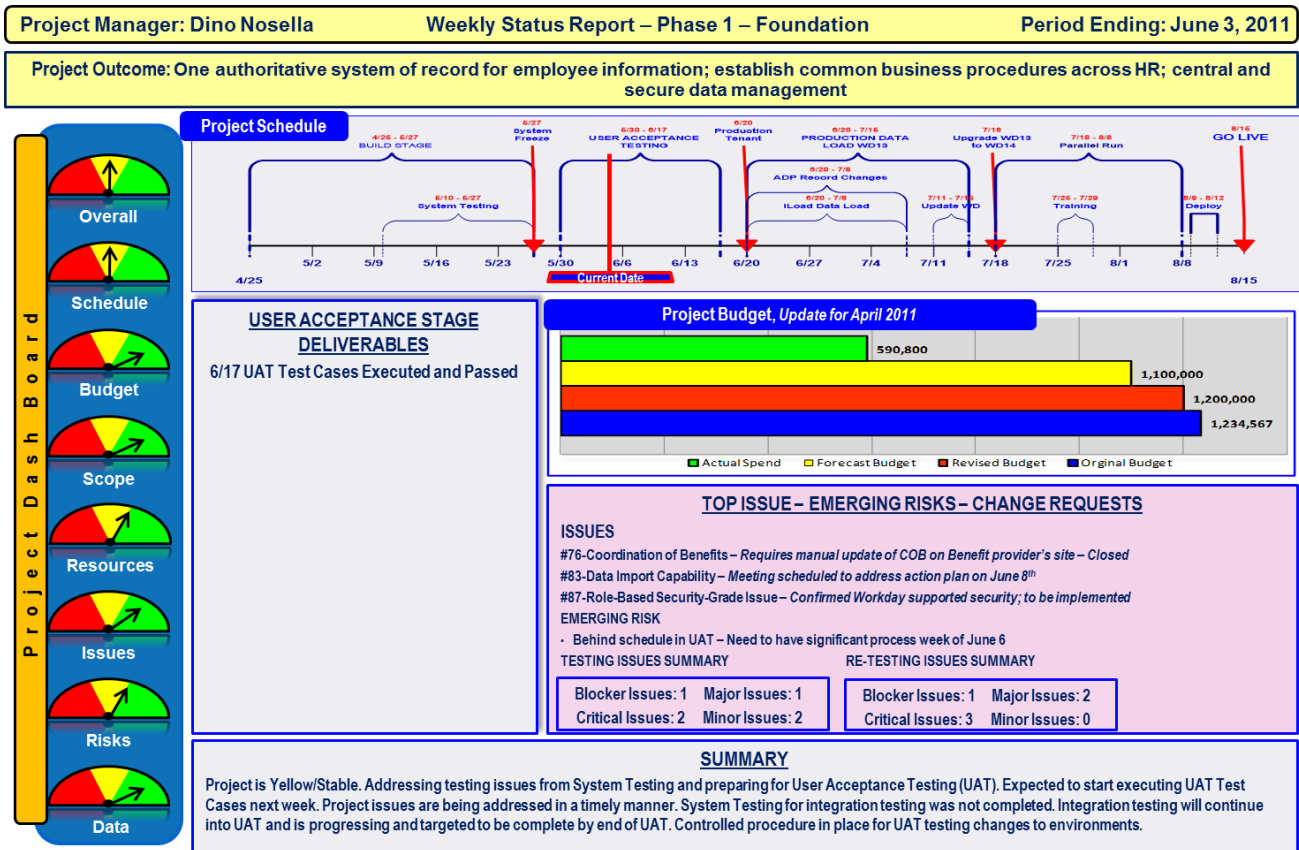


High-level schedule (Executive View)

STEP 4: ESTABLISH METRICS

Establishing metrics for the project moving forward will help provide with an early warning mechanisms if things start to derail once again. Track these metrics on a project dashboard that is communicated regularly across stakeholders. Areas where metrics should be implemented to track progress:

- Configuration Milestones
- Customizations: Designs, specs, coding, functional testing
- Testing: Test case development, conversion testing
- Training & Curriculum Development
- Budget planned vs actual
- Schedule for major milestones
- Defect rates
- Number of Change Requests
- Emerging risks / Major issues



STEP 5: COMMUNICATE

Establishing a communication upfront will help to address the resistance that may result from implementing the project rescue. It is advisable to perform a formal stakeholder analysis as part of implementing a communications plan so that the project rescue can identify and focus on stakeholders who represent the most risk to the successful implementation of the project rescue. The communication plan should address the needs of these and other stakeholders and help set expectations for the new plan.

STEP 5: EXECUTE → MONITOR → ADJUST → REPEAT

As the project rescue is finalized and executed, it will be important to use the metrics and communications plan to monitor progress. The project's processes defined in the Project Management plan should be used as a feedback mechanism to identify areas that may require adjustments. These adjustments should be implemented swiftly and actively monitored to ensure on-going success.

SUMMARY

When a project runs into problems, the hardest but most critical step is to accept that there is a problem so that a project rescue plan can be put into effect. A project rescue should always begin with stopping all project activities so there can be a formal assessment of the situation, an identification of the root-cause for the project's troubles, acceptance of any required changes, and the re-planning to re-set scope, schedule, and budget. The plan to rescue a project requires clear and frequent communication with stakeholders in order to help re-set expectations and establish feedback mechanisms for on-going improvements. While in most cases it is worthwhile to rescue an ERP project, in some cases the project should be terminated if it can no longer deliver the intended business benefits or lack the support of the organization.

Energy and persistence conquer all things

BENJAMIN FRANKLIN

ABOUT SURGE ERP

SURGE ERP Consulting consists of a team of highly experienced Management Professionals who help their clients achieve their business transformation goals through the use of technology. SURGE guides their clients through the process of selecting, implementing and maximizing software tools including best-of-breed applications and Enterprise Resource Planning (ERP) systems, either "on the cloud" or on premise. SURGE is not aligned with any single software vendor and can be completely impartial when facilitating the selection process.

For more information, visit their website at: www.SURGE-ERP.ca

