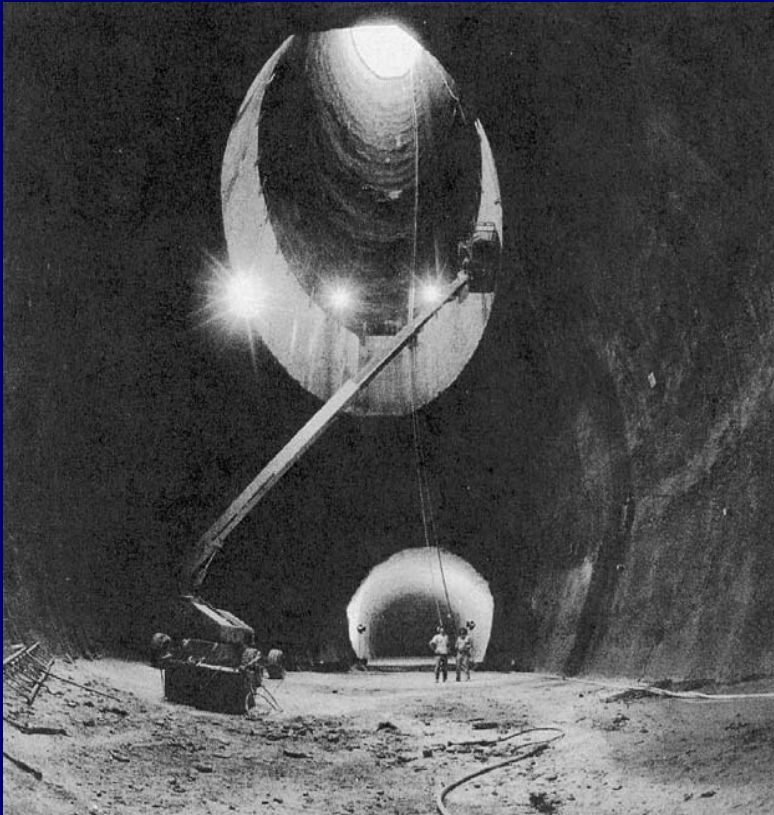


Project Termination

Project Termination



- Types of terminations
- How and why projects terminate
- Typical termination activities
- Need for a project history

All Things Come to an End

...

■ Termination

- impact on technical success
- Impact on other areas
- Plan and execute termination with care

When Do Projects Terminate?

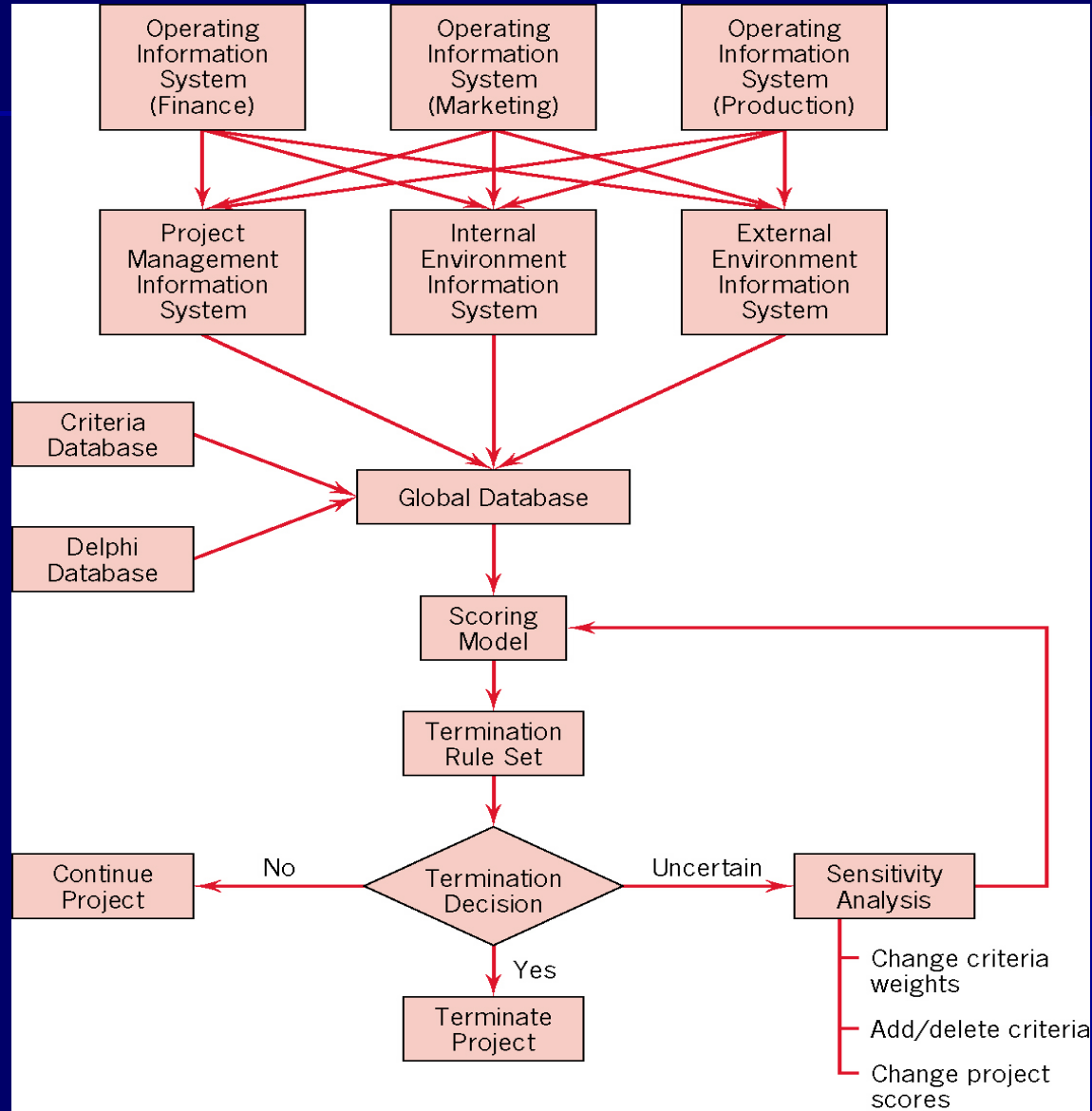
- Upon successful completion,
 - or . . .
- When the organization is no longer willing to invest

Most Common Reasons Projects Terminate

- 1. Low probability of success
- 2. Low profitability
- 3. Damaging cost growth
- 4. Change in competitive factors
- 5. Un-resolvable technical problems
- 6. Higher priority
- 7. Schedule delays

Source: Dean, 1968

Decision Structure for a Termination Decision, Figure 13-1



Four Varieties of Project Termination

- 1. "Termination by extinction"
 - Project is completed
 - Project has failed
 - Changes in external environment
 - Murder

Four Varieties of Termination (cont'd)

- 2. "Termination by addition"
 - The project becomes a part of the organization
- 3. "Termination by integration"
 - Project assets absorbed by the parent

Four Varieties of Termination (cont'd)

- 4. "Termination by starvation"
 - Withdrawal of "life support"

Typical Termination Activities

- Seven categories of termination tasks.
Examples of activities:
 - 1. Personnel
 - 2. Operations/Logistics/Manufacturing

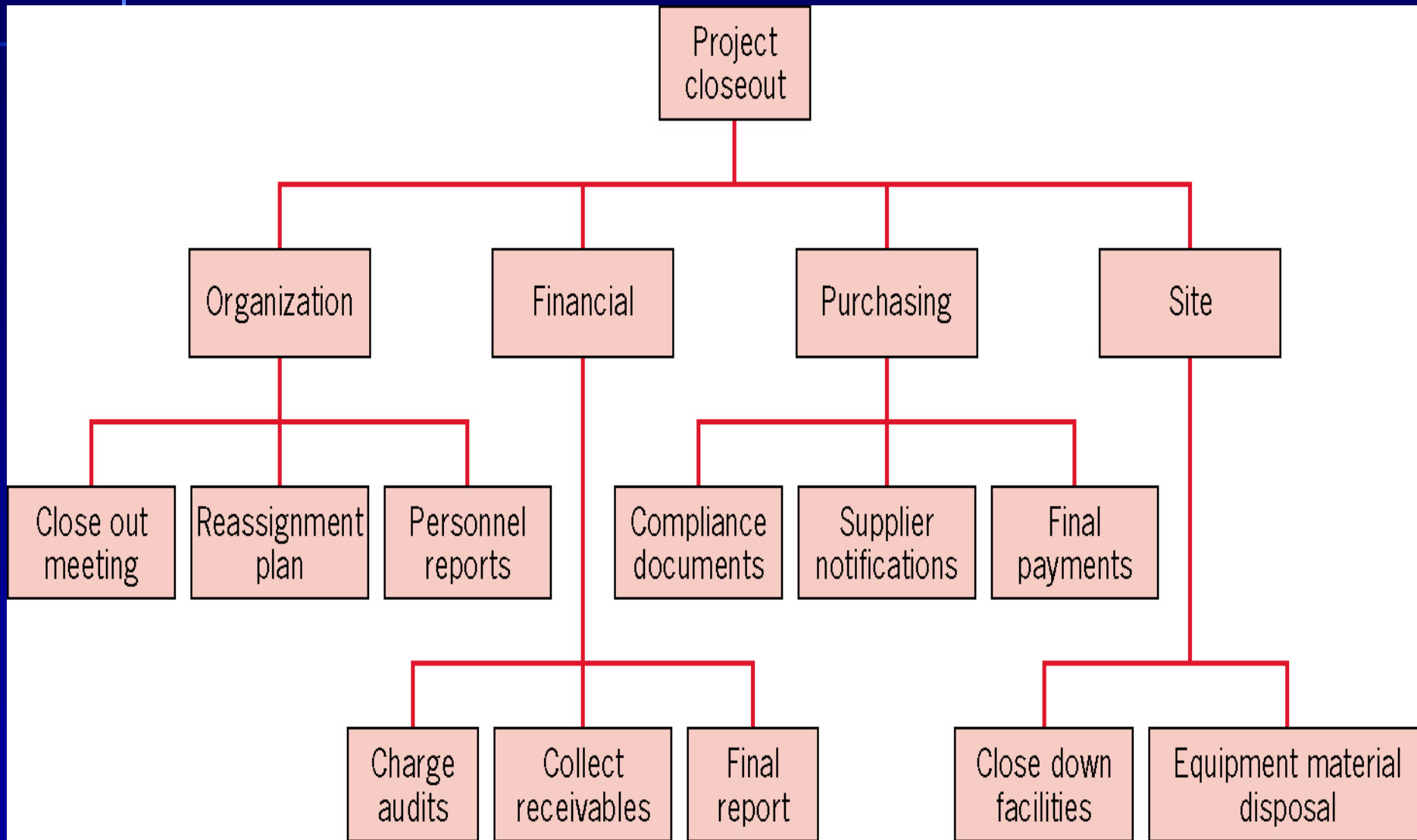
Termination Activities (cont'd)

- 3. Accounting and Finance
- 4. Engineering

Termination Activities (cont'd)

- 5. Information Systems
- 6. Marketing
- 7. Administrative

A Design for Project Termination



How do you know when to terminate?

Buell's List

Project History

- Major aims of termination is “lessons learned”
- do that through a project history

Critical success Factors

1. Mission
2. Top Mgmt support
3. Schedule/Plan
4. Client Consultation
5. Personnel

Critical success Factors

6. Technical Tasks
7. Client Acceptance
8. Monitoring & Feedback
9. Communication
10. Trouble-Shooting

Critical Failure Factors

- No Project organization
- Insufficient support from Senior Mgmt
- Naming the wrong person as PM
- Poor Planning

Contents of a Project History

- 1. Project Performance
- 2. Administrative Performance
- 3. Organization Structure

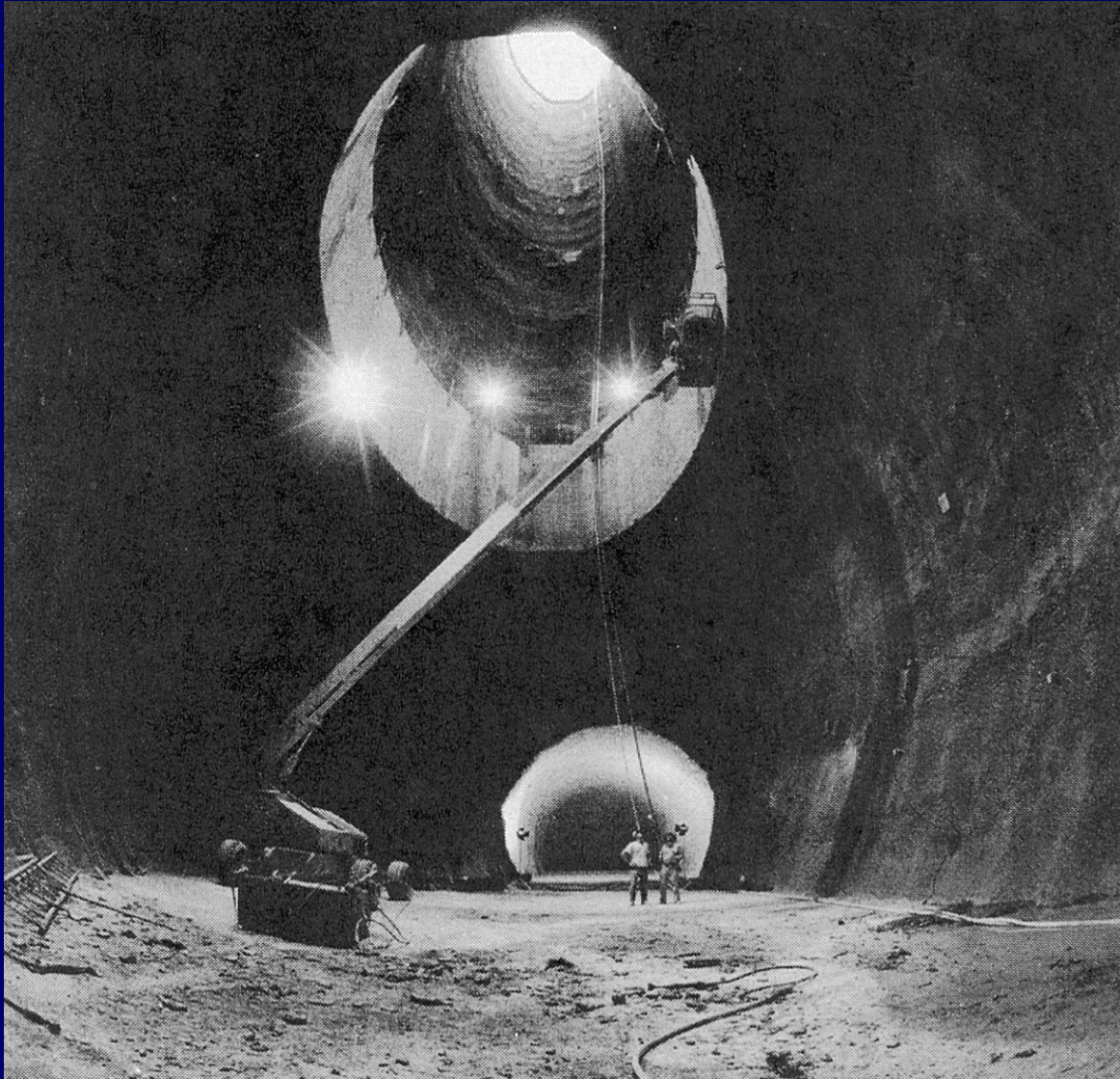
Contents of a Project History (cont'd)

- 4. Project and Administrative Teams
- 5. Project Management Techniques

Challenges to Meaningful Project Histories

- Project history has benefit, why is it often done poorly, or not at all?
- Possible reasons?

Project Termination



The Project Audit

The Project Audit

- What and why
- Benefits of a project audit
- Judging success and failure
- Determining project objectives
- Contents and format of a project audit
- Project Audit Life Cycle
- Responsibilities of an auditor

What is a Project Audit, & Why Is It Done?

- A formal inquiry into any or all aspects of a project
- Possible reasons:
 - Revalidate feasibility
 - Reassure management
 - Confirm readiness
 - Investigate problems

Measuring Success

- **Efficiency**
- **Customer impact / satisfaction**
 - Study by Shenhar, Levy and Dvir, 1997

Measuring Success

- **Business/direct success**

- **Future Potential**

- Study by Shenhar, Levy and Dvir, 1997

Some Specific Benefits of a Well-Done Project Audit

- Identify problems Clarify performance/cost/schedule
- Improve performance
- Identify opportunities
- Evaluate performance
- Reduce costs
- Inform client
- Reconfirm feasibility

The Difference Between Project Success & Failure

- Objectivity
- Experienced people
- Authority with responsibility
- Clear responsibility and accountability

– T. Ingram " Client/ Server and Imaging. *PM Network*

Determining What the Project Objectives Really Are

- Explicit objectives
- Ancillary objectives

Ancillary Objectives are Important, but Often Obscure

- What if an audit ignores ancillary objectives?
- Why do people tend to disguise ancillary objectives?

Costs of Project Audits

- While audits offer benefits, they aren't free
- Some costs are obvious, others less so

Timing of the Audit

- Early audits focus on technical issues
- Later audits lean toward cost and schedule,
- Transfer of lessons learned to other projects

Contents of a Project Audit

- Six areas should be covered
 - 1. Project status,
 - 2. Future projections
 - 3. Status of crucial tasks
 - 4. Risk assessment
 - 5. Information relevant to other projects
 - 6. Limitations of the audit

A Format for a Project Audit

- Introduction
- Current status
- Future Project Status

Format for Project Audit (cont'd)

- Critical Management Issues
- Risk Management
- Appendices

The Project Audit Life-Cycle

- Six basic phases:
 - 1. Project audit initiation
 - 2. Baseline Definition
 - 3. Establishment of Audit Database

The Audit Life Cycle (cont'd)

- 4. Data Analysis
- 5. Audit Report Preparation
- 6. Audit Termination

Who Are the Auditors?

Representatives from

- The project itself
- The accounting/controller dept
- Technical specialty areas
- Customer
 - Marketing dept
 - Senior Mgmt
- Purchasing asset mgmt
- Human Resources
- Legal Affairs

The Auditing Process

- Assemble team
- Familiarize team
- Conduct audit
- Debrief mgmt
- Produce / distribute report
- Follow up

Rules of engagement

Responsibilities of a Project Auditor

- “first do no harm”
- Be truthful, upfront
- Maintain objectivity and independence
- Project confidentiality
- Limit contacts

Project Management in practice

Auditing a Troubled Project in
Atlantic States Chemical
Laboratories [Pg 622]

End

Baseline Marketing Data, Figure 12-2

PRODUCT _____ DATE _____
 MARKET _____
 DATE OF FIRST SALE: U.S. _____
 O.U.S. _____

	1ST YEAR			2ND YEAR			3RD YEAR			4TH YEAR			5TH YEAR			TOTAL		
	MIN	B.E.*	MAX	MIN	B.E.	MAX	MIN	B.E.	MAX	MIN	B.E.	MAX	MIN	B.E.	MAX	MIN	B.E.	MAX
1. Total Market Size:																		
2. Expected Market Share:																		
3. Kg. or Units:																		
4. Est. Selling Price:																		
5. Gross Sales:																		
6. Est. COPS %:																		
7. Gross Margin %:																		
8. Est. Marketing Expense %:																		
9. Marketing Margin %:																		
10. Loss on Profit from other Products List:																		
11. Est. Profit:																		
12. Development Expenses:																		
13. Capital Expenditures:																		

*Best estimate.