# CLASS 10 HIGHLIGHTS

Monitor & Control

- Plan – Monitor – Control, closed loop cycle until the project is complete.
- Monitor & Control supports all process groups.
- Plan your monitor (measurement) early in the project.

Five Data Formats – know them for the exam, be able to relate to examples. (Have access to these). Class 10 notews, page 5, freq counts, raw numbers, etc…

Reports, not the same ones to everyone.

Communication Plan, how and why.

Earned value, understand the different measures.

Must be able to reproduce what we did in class, the fence example.

Positive ratios good – Negative ratios bad. (unless using MSP)

Control system components – be able to relate to a real world example,

HSB article – when can scope creep make sense?

# Class 11: Closing Process [262]

Project Evaluation, BACKGROUND:

- A ***project evaluation*** appraises the progress and performance relative to the project's initial or revised plan.
- Also appraises project against goals and objectives set for it during selection process.
- Projects should be evaluated at a number of crucial points.
- Purpose is to improve process of carrying out project.

(not a team performance check)

Can help you build on new ideas

**Process groups**

1. Initiating
2. Planning
3. Executing
4. Monitor & Control (throughout project)
5. Closing Process

EXAM

The idea in **Project Evaluation** is to appraise the project itself and how it has preformed against the initial or revised plan. We are looking at the project and comparing against goals and objectives.

Important: you do not just do the Project Evaluation at the very end.

Learn from the Project evaluation so that in subsequent projects you can benefit from these learning's. For instance, Mark's company used this method to evaluate how risk assessment helped or hurt his team. Learned that it helped and that they wanted to do it again next time.

# Evaluation criteria [263]

- Original criteria for selecting and funding project (profitability / new market / new competency)
- Success to date
  - Efficiency
  - Customer Impact / Satisfaction
  - Business / Direct success
  - Future potential
- Contribution to Organization's Goals
- Contribution to Team Member Objectives

Consider how the team members objectives are being met. Will help build moral.

Talk to the team members as part of the closing process, ask them how the project went for them. Just asking the questions will help develop a culture where people feel that they can develop their skills as a member of the team.

# Measurement [264]

- Measuring performance against planned budgets and schedules straightforward (these are easy)
- Earned value analysis more complicated
  - Who get credit for revenue?
  - Who gets credit for costs?

Covered this in class 10 under Earned Value Analysis. Gets more complicated when trying to decide who gets credit for various things and where to log costs.

Examples of things which are measured include financial objectives, scope objectives, schedule, customer happiness, budget.

# Project Auditing Process [264]

- Timing depends on purpose
- Three Levels
  - general audit (constrained by time / cost)
  - detailed audit (initiated if general audit finds problems)
  - technical audit (requires a team with special skills)
- See Table 8-2 (excellent comparison)
- See Table 8-3 (integration descriptions)

Audit is a team of people coming into the project and measuring how it is going. Can be intimidating. This is NOT a tollgate review.

Table 8-2 Comparison of Financial Audits with Project Audits

| | Financial Audits | Project Audits |
|---|---|---|
| Status | Confirms status of business in relation to accepted standard | Must create basis for, and confirm, status on each project |
| Predictions | Company's state of economic well-being | Future status of project |
| Measurement | Mostly in financial terms | Financial terms plus schedule, progress, resource usage, status of ancillary goals |
| Record-keeping system | Format dictated by legal regulations and professional standards | No standard system, uses any system desired by individual organization or dictated by contract |
| Existence of information system | Minimal records needed to start audit | No records exist, data bank must be designed and used to start audit |
| Recommendations | Usually few or none, often restricted to management of accounting system | Often required, and may cover any aspect of the project or its management |
| Qualifications | Customary to qualify statements if conditions dictate, but strong managerial pressure not to do so | Qualifications focus on shortcomings of audit process (e.g., lack of technical expertise, lack of funds or time) |

Points out differences between financial and project audit.

Table 8-3 Timing and Value of Project Audits

| Project State | Value |
|---|---|
| Initiation | Very useful, significant value of audit takes place early—prior to 25 percent completion of initial planning stage |
| Feasibility study | Very useful, particularly the technical audit |
| Preliminary plan/ schedule budget | Very useful, particularly for setting measurement standards to ensure conformance with standards |
| Master schedule | Less useful, plan frozen, flexibility of team limited |
| Evaluation of data by project team | Marginally useful, team defensive about findings |
| Implementation | More or less useful depending on importance of project methodology to successful implementation |
| Postproject | More or less useful depending on applicability of findings to future projects |

Shows us the value of a project audit and points out how it is more valuable when it is done early during planning and feasibility. Audits done at the end of the project are aimed toward improving the next project.

**Table 8-3 is more relevant for exam.**

**Something about these tables will be on the EXAM. Must be comfprtable with them.**

# Steps in Project Audit [266]

- Familiarize audit team with requirements of project
- Audit project on-site
- Write up audit report
- Distribute report

# Behavior Aspect of Audit [267]

- Audit team must have free access to anyone with knowledge of the project
- Project team members rarely trust auditors
- Audit team must understand politics of project team
- Information must be confirmed
- Project team should be made award of in-process audit
- No judgmental comments / need consensus

These things need to happen for the audit to be a success.

# The Audit Report [267-269]

- Overall Report
  - accurate
  - constructive tone
- Introduction
  - description of project and its goals
- Current Status
  - comparison of work completed and planned
- Future Project Status
  - conclusions regarding project progress
  - recommendations for changes
- Critical Management Issues
  - issues senior management should monitor
- Risk Analysis and Risk Management
  - potential for project failure and monetary loss
  - offer alternatives
- Final Comments
  - caveats, assumptions, limitations
  - report lessons learned that can apply to other projects

All of these items need to be in the report for it to be creditable.

These points guide the content of the report.

What happens to these reports after they are published? Various reviews, better than green/yellow/red.

# When to Terminate a Project [269-270]

- Sunk Cost Approach
  - whether organization is willing to invest the time and cost required to complete the project
- Two Other Criteria
  - the degree to which the project has met its goals
  - the degree to which the project qualifies against a set of factors associated with success or failure

A sunk cost approach is really difficult. You've invested so much into a project and have to ask yourself if it is worth continuing, at a particular point in time is it worth investing another dollar for what you stand to gain? Must be able to forget the expense behind it.

**However, not taking a sunk cost approach can be deadly, a bad project can go on and on and just keep draining resources with no tangible return in sight.**

There may be situations where you have to ignore sunk cost BUT you can make an argument for SUNK COST being the most important criteria in terminating a project.

# Reasons for Termination [270]

- Project not required for task in the first place
- Insufficient support from management
- Naming the wrong Project Manager
- Poor up-front planning

Consider the firms priorities can change, may even be bought by another company with different goals requiring some projects to be killed.

Insufficient management support means they are killing you softly. Not allocating resources, death from a thousand cuts! Lack of a champion is reason for termination.

We've talked about planning a great deal.

# Types of Project Termination [271]

- Project Extinction
  - project activity suddenly stops
  - either successfully completed or high expectation for failure
- Termination by Murder
  - merger with another business
- Termination-By-Addition
  - becomes a new formal part of organization
- Termination-By-Integration
  - becomes standard part of operating systems
- Termination-By-Starvation
  - a project in name only

Murder, just no longer a need for the project.

Addition (not same as integration), the project becomes a new business (SBU). Post-It Notes is an example. An addition to the business.

Integration, for example a project which develops a process which is adapted by the whole business. Standard approach which has changed. Enterprise wide.

Starvation, would be pathetic. Resources are denied, schedule stretches out. Eventually just writing reports every week saying the project has slipped again.

# The Termination Process [272]

- Decision made by broad based committee of senior managers
- Termination process should be specified in project plan
- Termination manager

This gets into the idea of having a plan so you can make sure you do not get into delays at the end. The construction workers not having the next job lined up in St. Dismas is a good example (Case 6 Question 2). Whole idea of making sure the workers know something is waiting for them. Maybe you plan a completion bonus.

# The Project Final Report [273]

- Project Performance
  - what was achieved and reasons for resulting performance
- Administrative Performance
  - review of how well administrative practices worked
- Organizational Structure
  - identify modifications to help future projects
- Project Management Techniques
  - recommendations for improvements in future projects

# After Action Review (AAR)

- Military Approach to Event Evaluation
- "The Army's After Action Review (AAR) is arguably one of the most successful organizational learning methods yet devised. Yet, most every corporate effort to graft this truly innovative practices into their culture has failed because, again and again, people reduce the living practice of AAR's to a sterile technique." -- Peter Senge
- The AAR does not have to be performed at the end of a project or activity. Rather, it can be performed after each identifiable event within a project or major activity, thus becoming a live learning process (the learning organization).

This is an exciting process but it can fail easily.

**For the Quiz know what AAR is and when it can be applied.**

# After Action Review (AAR)

The AAR is a professional discussion that includes the participants and focuses directly on the tasks and goals. It is not a critique. In fact, it has several advantages over a critique:

- It does not judge success or failure.
- It attempts to discover why things happened.
- It focuses directly on the tasks and goals that were to be accomplished.
- It encourages employees to surface important lessons in the discussion.
- More employees participate so that more of the project or activity can be recalled and more lessons can be learned and shared.

Should be a learning experience, not judgmental.

Requires an open environment where people feel comfortable to express their ideas.

Looking at and analyzing individual things that happened during the project.

# After Action Review (AAR)

1. Gather all the players / Introduction and rules.
2. Review events leading to the activity (what was supposed to happen).
3. Give a brief statement of the specific activity.
4. Summarize the key events. Encourage participation.
5. Have junior leaders restate portions of their part of the activity.
6. Do not turn it into a critique or lecture. The following will help:
   - Ask why certain actions were taken.
   - Ask how they reacted to certain situations.
   - Ask when actions were initiated.
   - Ask leading and thought provoking questions.
   - Exchange "war stories" (lessons learned).
   - Ask employees what happened in their own point of view.
   - Relate events to subsequent results.
   - Explore alternative courses of actions that might have been more effective.
   - Complaints are handled positively.
   - When the discussion turns to errors made, emphasize the positive and point out the difficulties of making tough decisions.
   - Summarize.
   - Allow junior leaders to discuss the events with their people in private.
   - Follow-up on needed actions.

**5 questions to get the process started. Management not present unless they did the work as well. Point is to do it better the next time. Best to do throughout the project.**

The after action review is a process for learning from action. Groups and individuals use five simple questions to guide their analysis:

1. What Was the Intent?

   What was the purpose of the action? What were we trying to accomplish? In describing and evaluating the intent, be as specific as possible.

2. What Happened?

   What exactly occurred? Why? Why not? What were the results? It is hard to recall accurately what happened. That is why it is important to conduct the AAR as soon after the event as possible.

3. What Was Learned?

   On the basis of what we tried to do and what actually happened, what did we learn?

   What do we know now that we did not know before we started? If someone else were to start down the same path, what advice would we give this person?

4. What Do We Do Now?

   Based on what we know now, what should we do? Because the focus of the AAR is on action, it is important to focus on learning that can be quickly applied back into the action.

5. Who Else Should We Tell?

   Who else needs to know what we have learned? What do they need to know? How are we going to tell them? How can we leverage what we know to drive organization-wide performance?

# After Action Review (AAR)

If you become an AAR facilitator, which every leader needs to do:

- Remain unbiased throughout the review.
- Try to speak to draw out comments from all.
- Do NOT allow personal attacks.
- The focus should be on learning and continuous improvement.
- Strive to allow others to offer solutions, rather than you offering them.

Do not get drawn in, do not take sides.

AAR can also be about things that went right. Someone may have done something a little bit differently and had success, should try to find those things as well. Important to discuss with the team what went right!

# Knowing When to Pull the Plug [HSB: ]

- "In many situations, a decision to persevere only escalates the risks, and good management consists of knowing when to pull the plug."
- Why don't managers treat previous expenses / losses as sunk costs?

# Why Sunk Cost Approach Fails [HSB: ]

- The Project Itself
  - Expected / Short-term problems encourage continuation
  - The salvage value can impede withdrawal
- Manager's Motivations
  - Reinforcement
  - Information Biasing
  - Self-Justification

This is management thinking "were going to get over it, it's just a short term thing". "Just a bump in the road, it will be OK".

The "salvage value" idea is saying if you stop now it's not really a sunk cost because you can get something out of it. So putting just a little more in.

- Social Pressures
  - External Justification
  - Persistence : Strength / Withdrawal : Weakness
- Organizational Pushes & Pulls
  - Administrative Inertia
  - Politics
  - Organization Institutionalization

Less likely to stop if you can get some salvage out of it, but maybe you should be stopping and taking the salvage value?!?

Persistence refers to peoples perception and the idea that if you withdrawal you are week. But financially it may be the correct decision to withdrawal.

Deep Dig example: there isn't any salvage value and it feels like an absolute waste if you stop. For example, a half way dug tunnel, what does it get you?

# Steps to Pull the Plug [HSB: ]

Recognize Overcommitment (Bias toward escalation)

- Do I have trouble defining project failure?
- Would project failure radically change how I think about myself?
- Do I have trouble hearing other people's concerns about the project?
- Do I evaluate how events would impact the project before thinking how the would impact the company as a whole?
- Do I feel there is no tomorrow after the project ends?

Back Off

- If I took over this project for the first time today, would I support it or get rid of it?

- Change the Organization
  - Turn over administrators
  - Separate decisions makers
  - Reduce the risk of failure
  - Improve the information system
- Boosting Experimentation
  - Label the project experimental to separate it from the organization's central goal

"Back off" is a very powerful way to change the paradigm with the champion on a project. Must detach yourself and forget that you have sunk all this money into the project. Then ask yourself "if I was handed this project today, as it currently exist, would I accept it and finish it"? If the answer is no you should think about terminating. There could still be other reasons that compel you to proceed.

If the answer is "Yes, I would keep putting money into this project" then it is not a candidate for termination unless there is some other driver.