



MONASH University
Information Technology

Project Termination

FIT2002 Project Management SIG Unit Definition

November, 2005

Dr Carlo Kopp, PEng

References

Reference Material and Reading:

- *Information Technology Project Management* by Kathy Schwalbe, Chapter 16.
- David I Cleland, Chapter 14, pp.228-241.

Why Projects Terminate

- **Projects terminate for a wide variety of possible reasons.**
- **Seven typical cases are usually cited as most common causes of termination:**
 1. The project has been completed and the product or service is delivered to the customer.
 2. The project has overrun its cost and schedule targets, or is failing to progress quickly enough to intended targets.
 3. The strategy being pursued by the owner or party providing funding for the project has changed and the project no longer fits future needs.

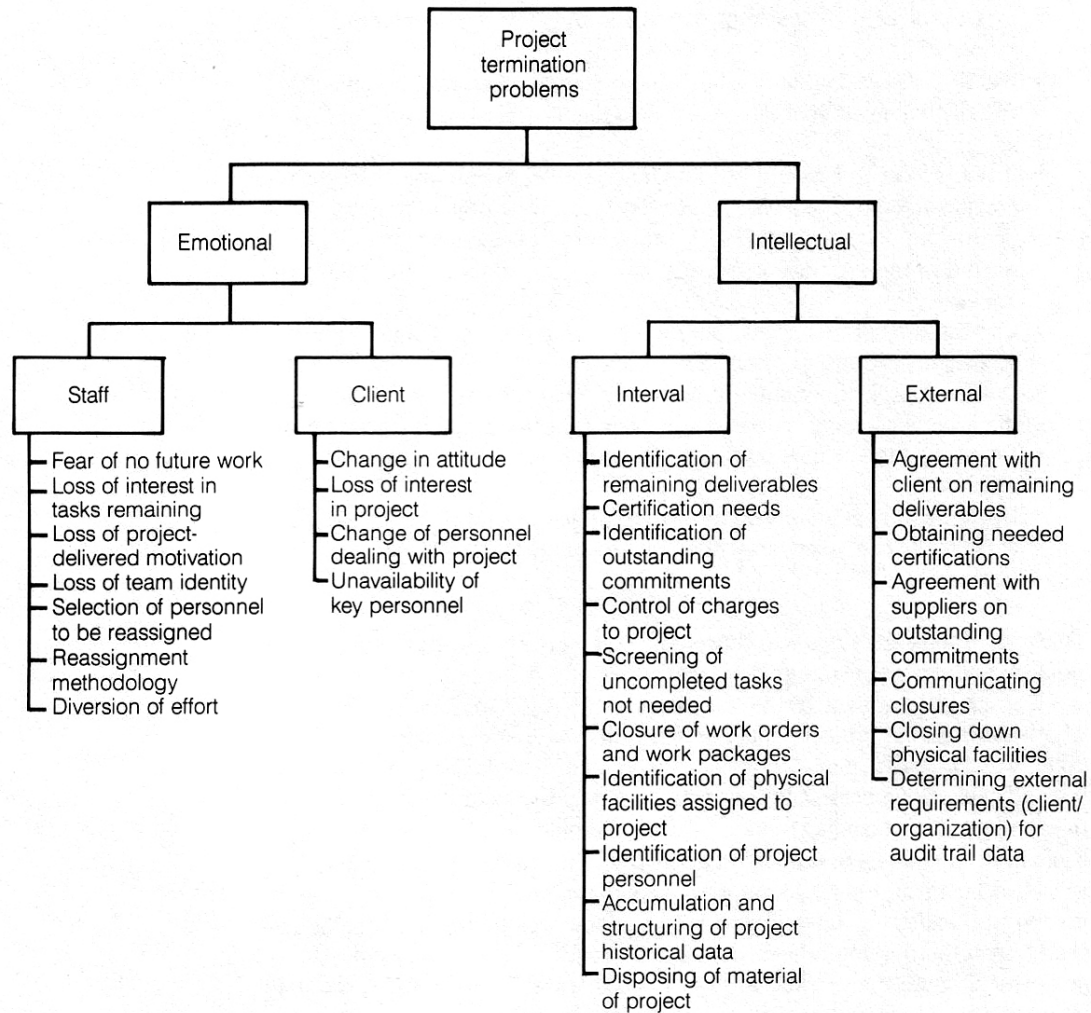
Why Projects Terminate

4. The principal champion of the project within the organisation funding the project has been lost and the organisation is no longer prepared to fund the project.
5. Changes to the external environment have arisen which adversely impact the project's future utility.
6. The project may have assumed advances in the technological state of the art which have not been realised, as a result of which the project is no longer viable
7. In a competitive funding environment, the project is not able to compete against projects with much greater support.

Types of Project Termination

- **Natural Terminations – the project's goals have been met and the effort is concluded with delivery of the product (Cleland).**
- **Unnatural Terminations – project constraints have been violated (for instance funding, time), performance is inadequate, or goals have become irrelevant (Cleland).**
- **Both are common occurrences in the industry environment.**

Project Termination Problems



Emotional Issues in Termination

- **Cleland identifies seven key 'emotional' issues in project termination activities:**
 1. Fear of no future work
 2. Loss of interest in task remaining
 3. Loss of project derived motivation
 4. Loss of team identity
 5. Selection of personnel to be reassigned
 6. Reassignment methods
 7. Division of interest

Termination Tasks

- **The natural termination of a project involves a number of specific tasks (Cleland):**
 1. Identification of remaining deliverables (eg documentation)
 2. Certification needs (esp for critical systems)
 3. Identification of outstanding commitments
 4. Control of budgetary charges to the project
 5. Identification of incomplete tasks no longer required
 6. Closure of work orders and work packages
 7. Identification of physical facilities assigned to the project

Termination Tasks

8. Identification of project personnel
9. Accumulation and structuring of project historical records and data
10. Disposing of project material
11. Agreement with client on remaining deliverables
12. Obtaining required certifications
13. Agreement with suppliers on outstanding commitments
14. Communicating closures
15. Closing down facilities and equipment
16. Determining audit trail requirements

Deciding to Terminate

- **Unnatural termination of projects is often difficult, since considerable resources may have already been expended on the project.**
- **If the project is overrunning costs and schedules, then termination should be explored very carefully.**
- **A number of key questions need to be asked if a project is in difficulty, since if there is little prospect of success, further expenditure of resources is usually not justified.**

Termination Questions (Cleland)

1. Does the project continue to fit the strategic plans of the organisation?
2. Does the project continue to complement strengths of the organisation?
3. Does the project continue to avoid dependencies on weaknesses of the organisation?
4. Is the project still consistent with the strategy of the sponsor?
5. Will the project continue to help the sponsor achieve its objectives?
6. Will the completion of the project help the sponsor achieve its goals?

Termination Questions (Cont)

7. **If the results of the project to date were to be made operational, would they still confer a competitive advantage?**
8. **Is the project still consistent with other projects related to achieving strategic goals, objectives and missions for the sponsor?**
9. **Can the project owner continue to carry the strategic and other risks?**
10. **Is the project still a step toward achieving strategic objectives?**
11. **Why might the project no longer be a good strategic fit?**

Continuing Nonviable Projects

- **Often projects are continued, even if they are in difficulty, or no longer viable or useful, even if progressing well.**
- **There are many case studies of projects which have continued, often to the point of operational deployment, despite the product itself underperforming, the need having vanished, or the budget having been overrun badly.**
- **There are many common factors which contribute to such poor choices:**

Causes of Nonviable Continuations

1. **Perceived lack of alternatives to the end product**
2. **Preoccupation with short term project management problems**
3. **Lack of awareness of changes or evolution in the end user environment (needs)**
4. **Lack of awareness of technological evolution and changes in the end user environment (means)**
5. **Self deception by managers, planners or end users, or any or all of these groups**
6. **Overinvestment in organisational or public politics required to sustain the project**
7. **Fear of mistakes being exposed to scrutiny, also fear of public embarrassment**
8. **Emotional attachment to the product, the project, or marketing propaganda for the product**

Dealing with Projects in Difficulty

- **If a project is in difficulty, it is necessary to establish why this is, to determine whether to continue or terminate**
- **Strategic needs may force the continuation of the project**
- **If a project ‘must’ continue, then an audit or review will be required to determine corrective measures as quickly as possible**
- **Such measures may include project or product redesigns, reschedules, recostings, and replacement of key personnel such as team leaders or managers**

Questions for Projects in Difficulty

- **If a project is in genuine difficulty, key questions need to be asked (Cleland):**
 1. Does the project involve pioneering technology?
 2. Is it a new project and how much experience has the manager had with such projects?
 3. Is the project larger than previous projects executed by this organisation?
 4. How was the project costed and when?
- **Overruns may arise due to 1, 2, 3 (technological risks) or 4 (unrealistic early budgetary estimations).**

Strategies for Termination

1. **Ensure deliverables are provided and work is finished, close out records**
2. **Review status of all contracts and provision for any unmet requirements**
3. **Produce a close-out plan for the project**
4. **Monitor all close-out activities carefully**
5. **Notify stakeholders of the termination**
6. **Ensure financial matters are terminated**
7. **Assist project team in finding other work**
8. **Prepare project history and 'lessons learned' documents**
9. **Perform a post termination audit of the project, and a final report**

Project Delivery

- **The closing process involves gaining stakeholder and customer acceptance of the final product and bringing the project to an orderly end.**
- **It includes verifying that all the deliverables have been completed and often includes a project audit.**
- **Orderly project delivery is critical to satisfying client expectations, as even a well executed project may not present well if the delivery process is poorly executed.**

Final Reports

- **The termination of a project should be followed by a final report in which the project is analysed and key successes or failures exposed.**
- **Such a final report may be the result of a formal audit, but more often is a summary of the project team's activities during the project.**
- **Lessons Learnt: The project closure report should document the lessons learnt during execution of the project.**
- **This will be useful to take necessary actions in future projects and avoid the repetition of problems that were experienced during the project execution.**

Evaluation and Post-implementation Reviews

- **The formal evaluation or audit of a project is often performed at the termination of a larger project.**
- **Such an audit may be performed by an independent team, to ensure that there is no bias as a result of earlier involvement in the project.**
- **Auditors must not only be free of bias, but also seen to be free of bias.**
- **Such reviews frequently follow a four point model.**

Project Review or Audit Model

- 1. Members of the review team must be highly experienced professionals with no prior involvement in the project being reviewed.**
- 2. The project is assessed from its conception until termination or operational service.**
- 3. Records produced during the project are reviewed and all personnel involved in the project are interviewed.**
- 4. The review or evaluation report is submitted to senior managers and other project managers to propagate the knowledge gained from the project.**