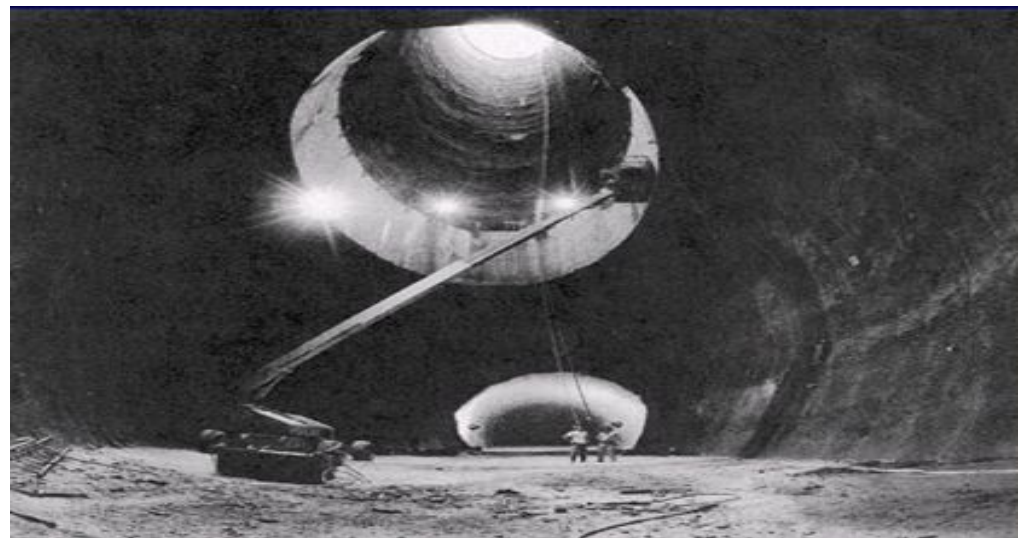


M6 Project Termination

All Things Come to an End



Project Termination

There are two main types of project termination. These type includes-

- a) Natural project termination.
- b) Unnatural project termination.

- **Natural termination** of a project refers to those projects that reach the project close because the aims of the project have been completed. Natural termination is the successful completion of a project.
- **Unnatural termination** refers to when an organization that has backed the project or where the project is commencing chooses that they are no longer willing to invest resources, time, and cost that is needed to complete the project.

Terminating Projects

- If an audit reveals the painful truth that it's time to terminate a project, then it's important to realize that this is not necessarily a bad thing:
- Cancelling a project may seem like a failure, but for a project to be successful, it must provide value to all parties.
- The best value is to minimize the project's overall negative impact on all parties in terms of both time and money.
- If the only option is to proceed with a scaled-down project, one that delivers late, or one that costs significantly more, the result may be worse than cancelling the project.
- It may be more prudent to invest the time and resources on an alternate endeavour or to reconstitute the project in the future using a different team and revised parameters

When Do Projects Terminate?

Upon successful completion,

– or . . .

When the organization is no longer willing to invest

A project can be said to be terminated when work on the substance of the project has ceased or slowed to the point that further progress is no longer possible

Most Common Reasons

Projects Terminate

1. Low profitability and or lowered market potential
2. Competing projects become a higher priority
3. Severe delays to schedule
4. Change of market needs
5. Technical issues that can not be resolved
6. Low profitability and or lowered market potential
7. Increase in damaging cost
8. High uncertainty of technical success or commercial gain

Reasons Why Aborting Your Project May Become Necessary

Here are just some of the possible reasons why project termination may become necessary:

- ❑ Technical reasons
- ❑ The requirements of the project change fundamentally
- ❑ The requirements of the project result are unclear or are unrealistic
- ❑ A common reason for many project's needing to be terminated is the lack of project Planning
- ❑ The intended outcome of the project is no longer needed so the project becomes obsolete
- ❑ The project cost becomes too high or the projected revenue is too low
- ❑ Requires material, tools, or human resources for the project are unavailable
- ❑ External factors such as a natural disaster including earthquake or flooding etc.
- ❑ Lack of management support
- ❑ Lack of customer support

When considering terminating a project, it's helpful to ask the following questions:

1. Has the project been made obsolete or less valuable by technical advances? For instance, this might be the case if you're developing a new cell phone and a competitor releases new technology that makes your product undesirable.
2. Given progress to date, updated costs to complete, and the expected value of the project's output, is continuation still cost-effective? Calculations about a project's cost-effectiveness can change over time. What's true at the beginning of the project may not be true a few months later. This is often the case with IT projects, where final costs are often higher than expected.
3. Is it time to integrate the project into regular operations?

Continue.....

4. Are there better alternative uses for the funds, time, and personnel devoted to the project?
5. Has a strategic inflection point, caused by a change in the market or regulatory requirements, altered the need for the project's output?
6. Does anything else about the project suggest the existence of a strategic inflection point—and therefore a need to reconsider the project's fundamental objectives?

The Varieties of Project Termination

- There are four fundamentally different ways to close out a project:
 1. Termination by extinction
 2. Termination by addition
 3. Termination by integration
 4. Termination by starvation

Termination by Extinction

Project termination by extinction is when a project is stopped due to either its successful or unsuccessful conclusion.

Project termination by extinction could happen in the following cases:

- The project has met its scope and the client or end-user has accepted the project outcome

- The project has been superseded by external developments like a market crisis, technological advancements, etc

- The project has failed to achieve its Goal

Termination by Addition

- Applies to an in-house project
- When the project is successful, it is institutionalized
- While the project goes away, project personnel and assets are transferred to the new business

Termination by Integration

- A. In the case of project termination by integration, the project that is being aborted is either integrated into other larger projects that are underway or becomes part of the ongoing operation of the organization.
- B. Project resources in this case are redistributed and the project as a whole loses both its purpose and identity as an individual project.

Termination by Starvation

Project termination by starvation can occur for several reasons.

These reasons could include things such as politics, placated sponsors, or even just general budget cuts.

- Many argue that project termination by starvation is not an act of termination at all. Many believe that termination by starvation is in reality a willful form of neglect.
- Termination by starvation, therefore, is the act of depriving a project of necessary resources it needs to sustain its ongoing activities. This leads to the inevitable cease of function.

When to Terminate a Project

WHEN:

- Work on the substance of the project has ceased or slowed to the extent that further progress on the project is no longer possible.
- Project is indefinitely delayed.
- Resources have been deployed to other projects.
- Fundamental reasons why some projects fail to produce satisfactory answers to termination questions:
 - Insufficient support from senior management
 - Naming the wrong person as project manager
 - Poor planning

The Termination Process

- The termination process has two distinct parts
- **First** is the decision whether or not to terminate(Must first decide to terminate)
- **Second**, if the decision is to terminate the project, *the decision must be carried out*

The Decision Process

- Sunk costs(an investment already incurred that can't be recovered) are not relevant to the decision about terminating a project
- The main issue is if the cost to finish is more/less than the value of the project when finished

The Implementation Process

- The actual termination can be planned and orderly.
- Special termination managers are sometimes useful in completing the long and involved process of shutting down a project
- The primary duties of the manager in charge of termination can be encompassed in nine general tasks

The Implementation Process

- Duties of the termination manager:
 - 1) Ensure completion of the work, including tasks performed by subcontractors
 - 2) Notify the client of project completion and ensure that delivery is accomplished
 - 3) Ensure that documentation is complete including a terminal evaluation of the project deliverables and preparation of the project's Final Report
 - 4) Clear for final billings and oversee preparation of the final invoices sent to the client

The Implementation Process

- **Duties of the termination manager (cont.):**
 - 5) Redistribute personnel, materials equipment, and any other resources to the appropriate places
 - 6) Clear project with legal counsel or consultant
 - 7) Determine what records to keep
 - 8) Ascertain any product support requirements, decide how each support will be delivered, and assign responsibility
 - 9) Oversee the closing of the project's books

Things to Do

1. Insure tasks are completed
2. Notify the client
3. Finish the paperwork
4. Send out final invoices to the client
5. Clear with legal
6. Determine what records to keep
7. Assign support
8. Close the project books

When terminating a project, you should follow these 8 steps:

- ❖ Close any outstanding agreements with suppliers
- ❖ Transfer any necessary responsibilities
- ❖ Dismiss or re-assign the project team if possible
- ❖ Release all remaining resources
- ❖ Resolve all accounting and finance issues
- ❖ Document lessons learned to be used as a reference for future projects
- ❖ Insure tasks are completed
- ❖ Notify the client
- ❖ Finish the paperwork
- ❖ Send out final invoices to the client
- ❖ Clear with legal
- ❖ Determine what records to keep
- ❖ Assign support
- ❖ Close the project books

The Final Report—A Project History

Several Subjects should be addressed in the final report:

1. Project performance
2. Administrative performance
3. Organizational structure
4. Project and administrative teams
5. Techniques of project management

The Final Report - A Project History

- The final report is the history of the project
- It is a chronicle of the life and times of the project, a compendium of what went right and what went wrong
- The required information is contained in the master plan, all project audits, and evaluations
- The precise organization of the report is not of great concern; the content is

The Final Report

- For each element covered in the final report, recommendations for changing current practice should be made and defended
- Equally important are comments and recommendations about those aspects of the project that worked unusually well
- The fundamental purpose of the final report is to improve future projects



Thank You