

Actions to Address a Bloated Project Budget

1. DON'T PANIC!
2. Understand why the project is being cut. If it's due to overall corporate or department-wide budget cuts vs. something specific to your project delivery, you will need to take a different approach to addressing the challenge. If the budget cut is related to corporate or departmental-wide changes, the best approach to take is to show the value your project brings to the organization. If the cuts are due to project delivery issues, you still need to show the value your project brings to the business and you'll need to demonstrate how you're going to get the project back on track.
3. Go back to the basics. What is your project about? What value-add does it bring to the business? Remind the senior management team (and your core team) about the reasons this project came about. If you did not create a project charter when the project commenced, then create one now. Look at the original business case, which should have documented the reason the project was initiated and the value it should bring to the business. If a business case was never created, then talk to management team members that were around when the project was kicked off so you can document this information. By showing the business value (maybe savings to the business, cost avoidance, or revenue generation), it's possible your project budget won't be reduced.
4. Find out what the business can afford. Instead of randomly cutting your budget to see "what they will approve," find out what is affordable and why.
5. Tell your stakeholders what is going on, why, and when decisions are expected. (You might even solicit their help to restore or retain some of the project budget.)
6. Work closely with your project sponsor so he/she can assist you through this process. Always ensure you are aligned. Your sponsor can work with you to define the best approach to address strategic and political needs.
7. Request a project review. This may seem like an odd thing to do at a time like this, but a project review performed by an outside consultant or an internal quality assurance person can demonstrate the things your project is doing well and may help justify some of your project scope and budget.

8. Review the requirements and evaluate if you've done a good job prioritizing the "must do" requirements vs. "nonessential" requirements. If a business unit has to choose between the bare minimum and what they really want, they will likely go for the bare minimum so they have something that is better than what they have today. If requirements have not been prioritized you need to do this now. At the very least prioritize requirements based on these factors:
 - a. Mandates for government and regulatory reasons
 - b. Essential business operations
 - c. Improved business operations for more than X number of personnel
 - d. Provides value to a limited group (for example 10 or less) of personnel
9. Address the budget challenge by
 - a. Knowing the new budget target
 - b. Working closely with a variety of key stakeholders to ensure the information you have is accurate
 - c. Keeping all requirements (if possible) that have direct impact and support the overall purpose of the project
 - d. Finding ways to streamline project processes to produce deliverables more efficiently. Work with the project team to best understand what is working well (i.e., things not to change) and identify opportunities for improvements
 - e. Removing lower priority requirements and record business impacts by not implementing these requirements
 - f. Hiring less expensive resources (if the risk remains manageable)
 - g. Removing medium-priority requirements that are expensive to implement
10. Present the revised scope and budget to the senior management team along with new and revised issues and risks due to the proposed changes.
11. As quickly as possible, communicate decisions made to your core team and explain the direct impact to day-to-day activities.
12. Swiftly change the project documentation based on newly approved scope. The sooner you do this, the better.