What is a “runaway” project?

A project is a failure/runaway project because of the repeated delays and overspending because company exceeds anticipated cost and time estimated. For instance, when looking at the statewide student information system project attempt in North Carolina, the idea was to provide student management application for over 100 charter schools with the budget of 54 million. However, because of facing issues and time delays, had to ask stakeholders for an extra budget of 75 million dollars and at the end because of the failure only 6 schools ended up using it. Hence, this is a perfect example of what a runaway project is.

What are the main reasons for a “runaway” project?

As we know a project being delayed causes it to be a runaway project. The reasons for this is: lack of user involvement, inexperienced project managers, and unclear business objectives. Also, when the manager and team members mask issues that come up in the project from stake holders, it causes issues with time because managers only acknowledge the issues towards the end. Lastly there is the issue of mismanagement of the project itself because of the manager not only deals with issues late but prioritizes wrong.

What are the consequences of a “runaway” project?

Because of project not going as planned, there are many specific consequences. There is the consequence of delays in materializing the project goal, meaning that it causes delays in reaching project goals and hence the system is not put into good use. To solve this problem there is a need for additional resources hence is costlier. Another issue would be the opportunity cost. If projects fail then there is impact on finance, people and technology and resources that are being consumed would be wasted, Also, the professional careers of these people would be impacted because it would cause them to be fired or demoted. Another consequence would be the user dissatisfaction and alienation since

the users would have to use the old systems as the new product is not ready yet and it will cause the trust to break. There is also the consequence of the threat to of the capability of the involved organizations. If the company was public then they would have to deal with the outside world and what they will think and this will make them lose other users and stake holders. To resolve this, they will need to bring in external people and will cost more money.

what other considerations need to be taken into account while making turnaround strategy decisions?

Many run away projects can be saved and turned around, but based on the project size, type, and organization there might be certain recommended recovery strategies that are a better fit. For instance, it is important to develop a recovery plan that would identify the root cause of the problems. But, to make sure that the recovery plan is a success, it might be necessary to bring in an advisor from the outside because if this project is something that is more public and can give bad publicity to the company, only an outside expert would recognize the highly charged political issues and they are unburdened by the history and politics of the project. An example of this is the ERP utility project where the CEO decided not to bring in outside help and he gave it to the project sponsor who did not have the credibility to recover it. This hurt the company and projects more. Next, managing the scope and trimming down the project to just concentrate on the critical features is essential. To make sure the right items are chosen and prioritized, it is not a general rule that would fit all projects. Each project should beet with their sponsors and discuss to keep the budgets, deadlines and scope in sync. No matter what type of project it is a good idea to keep an eye at all times on the scope creep. Though the next one might not fit all projects, it is good one to follow if the project failure is actually caused by leadership having communication issues with each other or misunderstanding with the sponsors. For example, the company Compaq was affected by the 1990s dotcom boom impact by having issues in market. However these issues did not affect IBM or Microsoft or any big companies. This is because Compaq moved to a more complex personal company and this was caused by leadership. In this case the recommendation to re-evaluate the leadership would be perfect. The idea to re-estimate the business case and consider cancellation should actually be done first before anything else so the management can decide whether the project should continue or not. Like the article said, “new business case with solid returns will provide a much-needed impetus for continuing to pursue the project. If the new business case indicates, however, that the project will be unprofitable, users may be reluctant to accept it because of over-commitment.” Once deciding to recover project, there needs to be the recommendation of re-plan and project using proper and proven estimation methods. Experts to have success should look at adjusting the methods of estimation and tasks for the worst case scenarios so there is not another failure. It will also have more realistic expectations from the managers and users. I think the recommendation of managing users’ expectations will make or break the success of the recovery of the project because the sponsor and manager of the project needs to get along or there will be mistrust. Lastly, no matter the project or organization it is important to incorporate corrective practices in the development process so the same mistakes do not continue on in the future.