Project Evaluation

Evaluating a project means performing a rigorous analysis of completed goals, objectives and activities to determine whether the project has produced planned results, delivered expected benefits, and made desired change. As a process, project evaluation takes a series of steps to identify and measure the outcomes and impacts resulted from project completion. In this article, let's find out how to evaluate projects, what indicators to consider, and how to design a project evaluation plan.

The project evaluation process involves an analysis of different components or indicators that characterize the project's progress towards the achievement of its goals and objectives.

The project evaluation process uses systemic analysis to gather data and reveal the effectiveness and efficiency of your management. This crucial exercise keeps projects on track and informs stakeholders of progress.

The different evaluation types vary mainly depending on the stage of the project. While classification could be based on different criteria such as the methodology adopted, here we look at the classification based on the time.

The project evaluation process has been around as long as there have been projects to evaluate. But when it comes to the science of project management, project evaluation can be broken down into three main types: pre-project evaluation, ongoing evaluation and post-project evaluation. So, let's look at the project evaluation process, what it entails and how you can improve your technique.

Types of Project Evaluation

There are three points in a project where evaluation is most needed. While you can evaluate your project at any time, these are points where you should have the process officially scheduled.

(i) Pre-Project Evaluation

In a sense, you're pre-evaluating your project when you write your project charter to pitch to the stakeholders. You cannot effectively plan, staff and control a new project if you've first not evaluated it. Pre-project evaluation is the only sure way you can determine the effectiveness of the project before executing it.

(ii) Ongoing Evaluation

To make sure your project is proceeding as planned and hitting all the scheduling and budget milestones you set, it's crucial that you are constantly monitoring and reporting on your work in real-time. Only by using metrics can you measure the success of your project and whether or not you're meeting the project's goals and objectives.

(iii) Post-Project Evaluation

Think of this as a postmortem. The post-project evaluation is when you go through the project's paperwork, interview the project team and principles, and analyze all relevant data so you can understand what worked and what went wrong. Only by developing this clear picture can you resolve issues in upcoming projects.

What's a Project Evaluation Process Look Like?

Regardless of when you choose to run a project evaluation, the process always has four phases: planning, implementation, completion and reporting & communication.

Planning

The most important considerations during the planning phase of your project evaluation are prioritizing short and long-term goals, identifying your target audience(s), determining methods for collecting data, and assessing the feasibility of each for your target audience(s).

Implementation

This is the carrying out of your evaluation plan. Although it may vary considerably from project to project, you will likely concentrate on formative and process evaluation strategies at this point in your efforts.

Completion

Upon completion of your program, or the intermediate steps along the way, your evaluation efforts will be designed to examine long term outcomes and impacts, and summarize the overall performance of your program.

Reporting & Communication

In order to tell your story effectively, it's critical for you to consider what you want to communicate about the results or processes of your project, what audiences are most important to communicate with, and what are the most appropriate methods for disseminating your information.

Post Project Evaluation (Post Audit)

Meaning of Post Project Evaluation

Post project evaluation represents assessment of the project after its completion, analyzing the actual, as against the projected estimates in respect of time, cost and quality specifications. The evaluation includes investigation of the variances per constituent of the project objectives (and, within such constituent, major elements of variances) leading to the assessment of the overall situation.

The project appraisal is the pre-investment evaluation of estimates/forecasts etc. as envisaged in the proposed project which helps in taking a decision in favor or against such investment.

The post project evaluation, on the other hand, is the audit and assessment of the actual as against the project budgets, based on which the project was launched and completed. While the 'appraisal' contains estimations for future, the 'evaluation' is to find the 'valuation' of what has happened practically.

How to Prepare for the Post-Project Evaluation

Successful project managers lay the groundwork for repeating on future projects what worked on past ones (and avoiding what didn't) by conducting a post-project evaluation. A post-project evaluation (also called a post-project review or lessons learned) is an assessment of project results, activities, and processes that allows you to

- Recognize project achievements and acknowledge people's work.
- Identify techniques and approaches that worked, and devise steps to ensure they're used in the future.
- Identify techniques and approaches that didn't work, and devise steps to ensure they aren't used again in the future.

Take steps in each stage of your project's evolution (starting the project, organizing and preparing, carrying out the work, and closing the project) to lay the groundwork for your post-project evaluation (see Chapter 1 for more on the four states of a project):

❖ **Starting the project:**

- Determine the benefits your project's *drivers* wanted to realize when they authorized your project.
- If your project is designed to change an existing situation, take *before* measures to describe the existing situation so that you have something to compare to the *after* measures you take when the project is completed.

❖ **Organizing and preparing:**

- Identify additional project drivers you may have overlooked in the first stage of your project. Your project drivers' expectations serve as the criteria for defining your project's success, so you want to know who they all are before you begin your project's work.
- Develop clear and detailed descriptions of all project objectives.
- Include the activity Conduct a post-project evaluation in your Work Breakdown Structure (WBS), and allow time and resources to perform it. (

❖ **Carrying out the work:**

- Tell team members that the project will have a post-project evaluation.
- Encourage team members to record issues, problems, and successes throughout their project involvement in a handwritten or computerized project log. Review the log when proposing topics for discussion at the post-project evaluation meeting.
- Maintain files of cost, labor-hour charges, and schedule performance reports throughout the project.

❖ **Closing the project:**

- If changing an existing situation was a project objective, take *after* measures of that situation's key characteristics to see whether you successfully met that objective.
- Obtain final cost, labor-hour, and schedule performance reports for the project.
- Survey key stakeholders to determine how well they feel the project addressed their needs and their assessments of project team and project manager performance.

What Is Post-Implementation Review?

What are you going to do when the project's over? Have a little celebration and move on to the next one, right? The project might be over, but the process continues.

That means that if you delivered a product or a service, the project might be completed, but you still need to check on the viability of the product or service. You might have achieved the goals you set out for the project, but what about the business needs that product or service was responding to?

Think of it as an ongoing step in your project closure process. It's a post-project review or post-implementation review, which is part of your project management responsibilities. It's also a great way to identify project successes, deliverables, achievements and learn lessons from those parts of the project that didn't work out as planned.

How do you practically apply a post-implementation review? How can you be sure that the project solved the problems it was created to address? Are there more benefits that can be unpacked from the project? What are the lessoned learned? To answer those and more questions, you need to follow a process.

Post-Implementation Review Methods

There are many ways to gather the information you want to determine what worked and what didn't in your project. Here are some examples.

- **Gap Analysis.** This method of assessing how a plan differed from the actual application is always a powerful tool to see what benchmarks you met, and which you didn't. You can start with your project charter and see how closely you adhered to your objectives. Look at your deliverables. Are they at a quality level you expected? When there are gaps discovered, figure out how they can be closed.

- **Project Goals.** Simply put, did you achieve the goals of your project? Are your deliverables functioning as planned? What was the error rate of the project? Can the deliverables adjust to changes in the market? How well-trained and supported are end-users? What controls and systems are in place and are they working? Are problems being addressed? Did you planned goal align with your result?

- **Stakeholders.** How satisfied are your stakeholders? Were users needs met? What effect did the project have on them? If there is dissatisfaction, why is that and what can you do to resolve it?

- **Cost.** How much did the project end up costing? What are the costs involved in operating the project's result? Are the costs aligned to the benefits of the project? If this isn't the case, how can you improve the cost next time?

- **Benefits.** Did the project achieve the benefits projected, and if not why and how can that be improved? What opportunities are there to further the results? Are there other changes you could apply to help maximize the project's results?

- **Lessons.** Did the project's deliverable, schedule and budget all meet expectations, and if not why? What were some of the issues that arose during the running of the project and how could they be avoided for the next project? What went well, and what can you learn from that experience?

- **Report.** Document what you learned from the review, whether there is actions needed to get the beneficial results you want and list the lessons you’ve learned, noting how the project can impact future projects, so you can build on success and avoid problems.

Secrets of Good Project Post-Evaluation

1. Good evaluation depends on how you begin

The first step to good project post evaluation is to identify the benefits that your clients are seeking to achieve by the end of the project. If the project is aimed at changing a current situation, then you need to define that situation. This will help you make a logical comparison with the modified situation after the completion of the project.

2. Keep your workers informed about the impending evaluation

It may be a good idea to inform your team members about the post-project evaluation right at the beginning. This will encourage them to keep a record of all issues, discrepancies and victories throughout the execution of the project. You can review these recorded statements and propose appropriate topics for comprehensive discussion during post project assessment meetings. Similarly, make sure that you maintain files for expenses, labor-hour costs etc. Keep scheduling performance reports on a consistent basis.

3. Pick out the right time to review

A very critical aspect of good project post evaluation is picking the right time for reviewing the project. Ideally, you should select a time when all team members are likely to have maximum recall, i.e. right after the project is delivered. You can begin listing down observations and ideas while they’re fresh in everyone’s minds.

4. Consider third-party reviewers

It might sound unusual but getting outside people involved in your post evaluation might be useful. It could help you earn an unbiased and objective perspective on the project. But don't just depend on independent reviewers alone; the key is to maintain a balance in your evaluation report.

5. Survey primary stakeholders

While collecting data from internal teams is important for evaluating the success of a project, it might be helpful to survey your primary stakeholders as well. You can ask them about whether the project managed to address their needs and get assessments for the project team, project manager's performance etc.

6. Give recommendations

A big part of project post evaluation is collecting all the ideas and learning and presenting them in the form of 'detailed recommendations' to project leaders, team members, customers, the organization and other stakeholders. These detailed recommendations can serve as best-practice information for the future projects.

Abandonment Analysis

Meaning of Abandonment Value

Abandonment value is the equivalent cash value of a project if it is liquidated immediately after reducing all debts which need to be repaid.

Abandonment value is also known as liquidation value of an asset. The general rule for deciding to discontinue the product is that if the product's salvage value is greater than the net present value (NPV) of its expected cash flows, the project is abandoned.

It is important for companies to know the profitability of a project and if it is not profitable it is better to discontinue the same. It is an important factor in bankruptcy filings where assets are generally sold at a discount.

Theoretically, the optimal economic life of an asset is 4 years, but the project's expected cash flows may change over the life of the asset. The company should also estimate the future abandonment values in the initial investment phase. It would help the manager to effectively gauge the optimal economic life of an asset.

An abandonment option in a contract allows either party to leave the contract before fulfilling obligations. Neither party incurs penalties for withdrawing from the contract. For example, when a worker withdraws from an employment contract containing an abandonment clause, the employer cannot contest the resignation.

Abandonment of Business Asset

Abandonment of a business asset requires accounting for the asset's removal on the company's financial statements. Abandonment typically results in a loss affecting net income and is reported on the income statement. If using the indirect method when creating the cash flow statement, the section on cash flows from/used by operating activities reflects non-cash-related activities affecting net income. The loss incurred on the asset's abandonment is included as an adjustment in that section.

Abandonment Clause

An abandonment clause may be part of an insurance contract allowing the owner to abandon damaged property while still receiving a full settlement. The insurance company then owns the abandoned property. Such clauses are common in marine property insurance policies on homes at greater risk for flood or other damage from natural disasters. Policyholders may evoke the clause when recovering or repairing the property is greater than the property's value, or the damage results in a total loss. For example, when a boat is lost at sea, recovering the boat is more expensive than replacing it with proceeds from an insurance policy.

Abandonment and Salvage

Abandonment and salvage involves one party's relinquishment of an asset and another party's subsequent claim to the asset. A clause allowing this action commonly appears in insurance contracts. If the owner abandons an insured asset or piece of property, the insurance company may rightfully claim the item for salvage. The owner must express in writing his intention in abandoning the asset or property. For example, if a homeowner abandons a house due to heavy flood damage, the owner provides a written notice of intentionally abandoning the home to the insurance company. The insurance company lays claim to the house and attempts to resell it. Because abandonment and salvage can be lucrative for the salvager, multiple parties may try laying claim to an abandoned asset or property.