

Project Recovery: Breaking the Cycle of Failure. An MPA seminar held at the Royal College of Pathologists, London, in June 2000

MPA events are confidential. They provide a forum where someone involved in a major project can tell it the way it was. This summary is available to both members and non-members, and care has been taken to ensure that its contents do not breach confidentiality. This account cannot, therefore, do full justice to the event, so members please read the full proceedings when you receive them. Best of all, members, come to the events. Non-members, think about joining!

Participants

Over 60 participants attended the seminar and the following organizations were represented:

AEA Technology Rail, Arthur Andersen, BAA Plc, BAe Systems, Baker & McKenzie, Balfour Beatty Major Projects, Bechtel Ltd, Bovis Lend Lease Consulting, British Energy, BT Plc, Citytunneln Malmö, CMS Cameron McKenna, Costain Ltd, Denton Wilde Sapte, George Corderoy & Co, High-Point Rendel, MetroNet, Ministry of Defence, Mott MacDonald Ltd, Mouchel Consulting Ltd, National Audit Office, National Grid Co plc, Ove Arup & Partners, PA Consulting Group, Rolls-Royce, Scott Wilson Railways Ltd, Thames Water Utilities, Union Railways Ltd.

Projects fail for any number of reasons—technological complexity, impossible timescales or, worse, a physical setback—and a recovery programme may have to be put in place. Three high-profile case histories, the Heathrow Express (with its tunnel collapse), the Øresund fixed link (with the collapse of a bridge element) and the baggage-handling system at Denver Airport (where four opening dates had been missed), show how projects can stand on the brink of disaster—and still be turned round. These three projects, together with a wealth of anecdotal evidence and an analysis of best practice, provide lessons on how to break the cycle of failure.

Preventing project failure in the first place

- Don't take on a project for the wrong reasons. If you get into a project in order, say, to keep your manufacturing operations busy, you will end up regretting it.
- Develop an effective management approach. Eight success criteria used on the Øresund fixed link clarified the aims and facilitated communication.
- Remove the risks through risk mitigation. There are many sophisticated tools available to assess risk, such as probabilistic analysis, forecasts and simulations.
- High-tech projects, which are breaking new ground, can't be completed within unrealistic timescales. Don't fall victim to the belief that if enough money is thrown at a project, it will be delivered on time.
- Low technology, if it goes wrong, can also hinder a project. Don't underestimate the risk of low technology.
- Foster a culture where "mistakes are OK". People who solve problems usually make mistakes as well, and it is vital to create an environment which encourages them not to be afraid of the risks involved in identifying and fixing problems. The resulting openness will allow problems to be swiftly identified and creatively resolved.
- Put in place a strict system of tollgates and move on to the next stage only when you are ready, and *fully ready*, to do so.

Planning recovery if a project starts to fail

- Seek the right technical solution. Once one solution has been proposed, you will know that recovery is technically possible, and other solutions will start to flow in. You have a choice—select the best one.

Case study 1

Partnering on the Heathrow Express (HEX) recovery project

When the tunnel for the Heathrow Express collapsed in October 1994, the project was plunged into crisis. Against a background of cash-flow anxieties, a worried chain of suppliers and subcontractors, a hostile media, safety issues and the threat of litigation, a recovery project was worked out. BAA, the client, resisted hawkish arguments to sue the contractor and instead adopted an informal partnering approach, which reinvigorated the entire project team and workforce. The technical solution was to build a huge cofferdam. Engineering excellence, careful risk management and trust were all key to recovery. HEX opened in June 1998, the tight target date set for the recovery project. “Everyone had to have trust,” concluded one senior participant. “It is not something that comes easily, particularly in the projects and construction business.” The success of the HEX recovery project showed how partnering and trust can be made to work.

Case study 2

Turning round the baggage-handling project at Denver Airport

The project was in crisis in 1994 when four opening dates had been missed. Project recovery was achieved by:

- de-scoping the project and going for phased deliverables
- restoring customer confidence—project owner Denver city had threatened to cancel the project if one more deadline was missed
- regaining control with new blood, a reinvigorated team and several quick wins
- a structured commissioning process, with tests designed to flush out failure, not to show the system worked.

In the words of one participant, “recovering a failing project is essentially all about the people and their relationships”.

- Consider de-scoping the project if this is an option. At Denver airport the baggage-handling system was de-scoped, with automatic baggage-handling initially provided only for outbound passengers.
- If outside consultants are brought in, they should conduct a rapid project review.
- Have the courage to abandon the project if this is the only way out. Some major IT projects have, rightly, been cancelled.
- Consultants should give the bad news promptly and not hold back good news to provide pleasant surprises for the client. Make realistic promises.
- Set common goals and align the team to a common objective. If you bring in new blood, target it carefully. Reinvigorate the project team.
- Give proper time to stakeholder management and make the risks clearly visible to the stakeholders. Don’t conceal the difficulties.

Effecting recovery

- Have a clear vision, backed by equally clear decisions.
- Consider informal partnering to help get the project back on track. This approach was adopted for the recovery project on the Heathrow Express and its success was widely admired.
- Foster trust, which is key to the whole recovery process.
- Technical excellence goes hand in hand with trust if recovery is to be achieved, so invest in good people.
- Resolve the most important issues first to get things moving, focusing on the top five or ten, and then moving down the ranks to the next line of issues.
- At the same time, build up a bank of small wins to restore morale.
- Implement recovery through lean but focused controls. If outside consultants are involved, ensure that the recovery project does not end up with more project controllers than at the start of the original project.
- Recovery means commitment at all levels. Talk to the front-line troops and generate a shared belief in the recovery programme.
- Remain proactive in your communications strategy. Keep the communications channels open within the project, especially between the technical people and senior management, communicate with your stakeholders and maintain honest media relations.

As recovery takes effect, the benefits start to flow through, sometimes with the irony that (as on the Heathrow Express) some of these benefits might not have been achieved on the original plan.

Case study 3

Reaping the benefits of honesty on the Øresund project

Good communication was an active part of the management of the Øresund project, the fixed link between Denmark and Sweden, which aroused environmental concern and local resistance. The project owners were aware that the media liked to meet the men with clay on their boots and people at all levels were trained to deal with the media. The strategy was to tell the news as it was, bad or good. When bad news occurred on the construction of the bridge, with the collapse of element 13 (12A to the superstitious), the media were accustomed to honesty and knew they could believe what they were told. Media support was gained for the recovery work on the collapsed element, which in turn helped to regain public support. If you told the bad news when it arose, it was you who set the agenda, not the media.