Roundtable News

The SATM Roundtable meeting of November 16 was on the subject "Portfolio Management: How to Kill a Project." The meeting was held at Lucent Technologies (Bell Labs). Facilitators were Peter Koen of Stevens Institute, Phyllis Remolador, Director of Program Management, AT&T, and Holly Newman, Product Manager, Lucent Technologies.

Basic problem:

- There are almost always too many projects and not enough resources.
- The best projects are thus frequently starved for resources, thereby late to market, never achieving their full potential.
- Poorer projects need to be killed, so as not to deprive others of scarce resources.
- Management is often reluctant to make the tough choices involved in canceling projects.

Key learnings:

- Clearly defined go/no go criteria need to be established along with critical decision points.
- People need to be held accountable in the business plan for their deliverables.
- Canceling a project should not be considered a failure when performed as part of a Portfolio Management process.
- Group recommends not using word "failure"; rather choose something like "intelligent cancellation."
- Celebrate intelligent kills.
- Kill decisions should be used as a communication and emphasis tool for strategy.
- Important to reward/recognize decisions to stop a project.
- Kill a project as soon as it falls off the business "hit list" - "bad news usually does not get better."
- Right way to kill a project is by using an effective prioritization process.
- Project list should be periodically reviewed and re-prioritized.

AT&T experience:

- According to Standish Group Research, only 26% of Information Technology projects are completed on time, within budget, with full functionality (AT&T's record is 33%).
- AT&T typically has more than 300 new projects proposed each year and has resources for only about 1/3 of them.
- Strategic/priority filters are routinely assessed, modified and communicated.
- These filters usually last for at least two years.
- Capability assessments also are done to factor into prioritization.
- AT&T currently trying to add, at the front end, make-buy decisions, especially for critically limiting resource constraints (incorporate capacity into plan).
- Use specific decision points (Gates) to ensure projects are assessed and killed ASAP, where appropriate.
- Have decreasing latitude in project attainment metrics as a project matures. Initial Gates have more latitude in order to encourage innovation.
- A culture must be developed that allows for stopping a project even in development.

Exxon Chemical Experience

- Exxon Chemical does root cause analyses on projects killed after Development, to determine whether the reasons for stopping could have been detected sooner, and to apply learnings to future projects.
- The problem is that once started, projects are hard to stop because of the ownership that develops - culture based.
- Projects often die by default, when project management fails.
- Projects are more often canceled by design, as part of a Stage-Gate and Portfolio Management process.

Projects should be canceled when they: 1) do not support strategic objectives, 2) are continually deferred, 3) functionality has been replaced by another project.

Lucent Technologies Experience

- Projects are canceled when: 1) advances in technology cause capability to be superseded, 2) further market research suggests product will not meet market need, 3) expense to bring product to market does not align with projected revenue.
- Detailed analytical work is performed upfront establishing cost targets, price points, and acceptance criteria.
- Commitment review meetings compare budget to actual spending and review price/value relationship.
- Has unique difficulty killing a project/feature because typically there is either/both a pre-sold market demand or broad industry support.
- Drivers to kill a project feature are straightforward but executing the cessation takes a lot of planning.