Project management 101 *by Zavanak*

# 21. DEALING WITH PROBLEMS


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# 21.8 Confronting a crisis


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# What is a crisis?

**A crisis is an event so momentous that it threatens the survival of the project or a major part of it.**

It is **sudden** – Things may have been becoming more difficult for some time, but the crisis point is usually dramatic.

It puts the project in **jeopardy** – Unless urgent action is taken, much or all of the project will collapse.

It has major potential **consequences** – these could be financial, commercial, legal, technical, environmental, reputational or political.


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# Types of crisis?

**Error** – A mistake in design calculations causes the output to break with disastrous consequences. *Hyatt Regency disaster, Kansas City, 1981.*

**Scandal** – Project workers are exposed as acting unethically. *Charity workers after Haiti earthquake, 2010.*

**Failure** – The output fails a crucial test which means it is unusable in its present form. *New SNCF trains will not fit stations, 2014.*

**Accident** – Team members are killed when a piece of equipment or output fails. *Collapse of section of Barton Bridge, 1959.*

**Weather** – Unremitting rain renders the construction site unworkable. *Building the first part of the M6 motorway, 1950s.*


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# The crisis is a consequence of poor leadership

**The sponsor** – Insufficiently interested or involved in the project. Or maybe is domineering with fixed opinions. Role may have been given to someone too junior to stand up to senior stakeholders.

**Political weakness** – Ambitions are unrealistic, politicians do not understand enough about the practicalities. Priorities and scope are continually changed.

**The project manager** – Lacks the knowledge or experience to carry the role. Unable to take tough decisions. Has lost the confidence of the team.

**The project board** – Ineffective, and unwilling to stand up to the sponsor. Members may not take their roles seriously, fail to attend meetings and not understand important matters.

**Groupthink** – Conformist thinking. Unwillingness to express valid concerns. Suppression of dissenters.


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# The crisis is a consequence of weak management

**Poor planning and control** – Sketchy planning, slack quality management. Inadequate risk management. Formal processes not followed. Weak change control.

**Lax reporting** – which may be deliberate. Bad news is withheld. The true state of the project is unknown because of slow or inaccurate data collection

**Fraud or embezzlement** – Weak oversight or unethical management means cash is lost and quality is compromised.

**Internal politics** – Factions inside and around the project frustrate progress for selfish ends.

**Unhappy team** – Poor productivity. Low morale, high turnover.

**Creep** – Uncontrolled scope creep and even mission creep are sending timescales and budgets out of control.


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# Ways to avoid a crisis

**Recognise black swan risks** and take them seriously

Have **competent and engaged** managers

**Monitor the environment** around the project – is it safe?

**Make serious problems easy to spot** – do not overwhelm with warning signals

Design **monitoring systems** so worrying trends are obvious

Identify ways to **stop chain reactions**

Ensure that the **client and suppliers** play their roles conscientiously

Have **the right expertise**, with people committed and attentive

**Be rigorous on risk management**, quality management and change control

**Remember it is the organisation's name on the project – not a project firm's, not a supplier's.**


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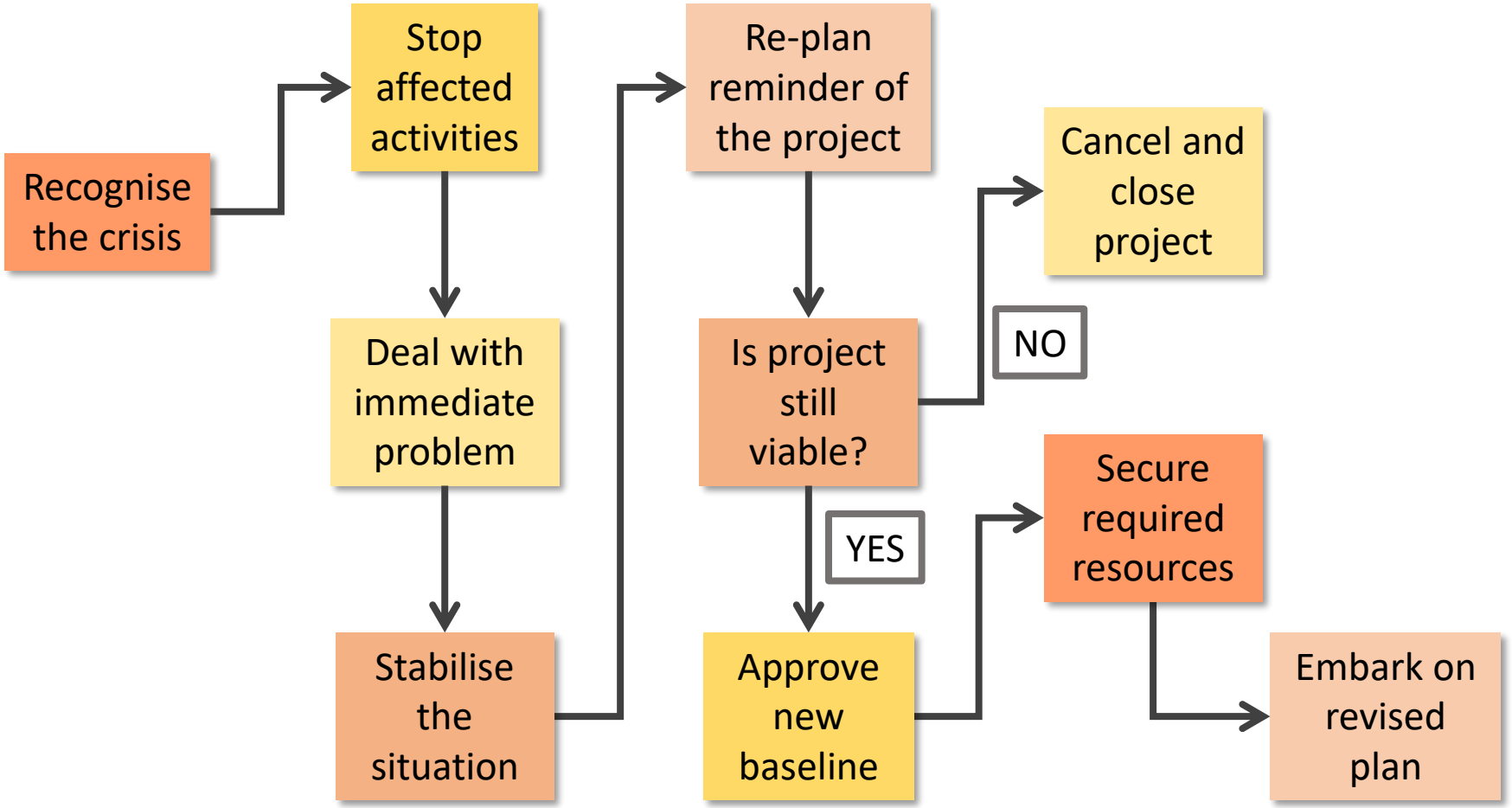
# The elements of project rescue





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# Managing through a crisis

**Be prepared** – Anticipate what might go badly wrong and have contingencies and processes in place to handle it. Have a core response team always on stand by.

**Stabilise the situation** – Make things safe. Stop all but essential activities.

**Take stock** – Rapidly assess the position. Complete information is unlikely. Consider options and decide what to do.

**Get support for action** – Work with the sponsor and urgently convene key decision-makers to approve response and expenditure.

**Reshape the team** – Maybe the project manager needs to be replaced. Specialists may have to be brought in.

**Act fast** – Recognise that decisions may have to be taken quickly, without all the facts.

**Stay focused** – Do not panic, know the danger of mis-diagnosis, apply reason over emotion.


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# Important aspects of dealing with a crisis

**Communication** – Get professional support. Be serious. Prepare briefing notes. Provide the right information to different audiences at the appropriate times. Tell no lies, but hold information back if that is necessary.

**Investigation** – When the crisis is under control, begin to investigate why it happened and how it was handled. Make sensible changes to contingency plans.

**Cooperation** – If the crisis had serious health, safety, environmental or legal consequences, public agencies will investigate what happened and may take legal action. Who takes responsibility for disclosure must be clear.

**Control** – All changes to the project both in handling the crisis and reshaping the project afterwards must be dealt with through formal change control.

**Dealing with a crisis calls for leadership as much as management.**


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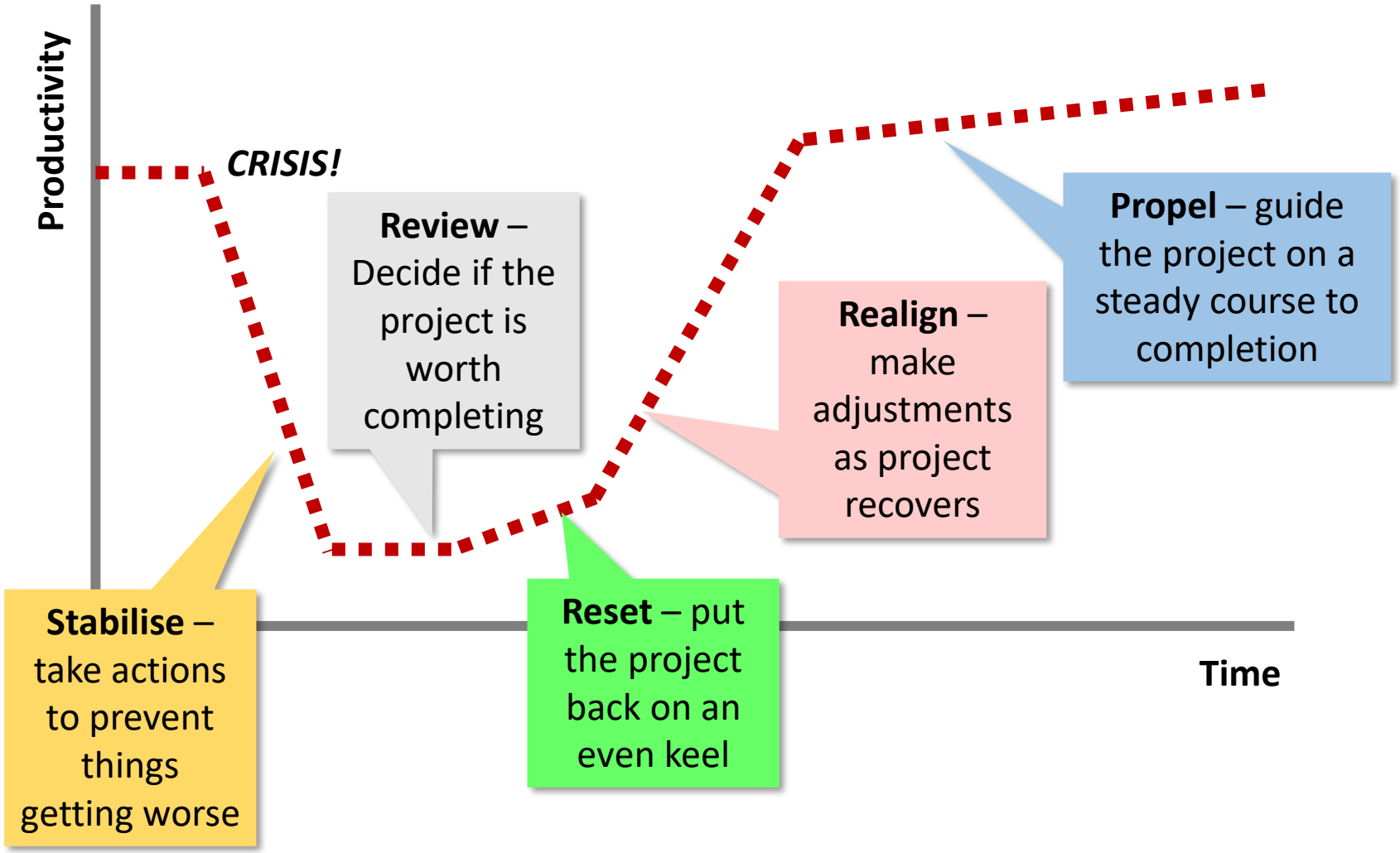
# Project recovery path





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# The aftermath

**Learning** – however disastrous there is much to learn from the incident

**Inquiry** – formal investigation into what went wrong

**Litigation** – if fault is found there could be expensive civil or criminal proceedings

**Compensation** – to those who suffered as a consequence of what happened

**Benefit loss** – if the project is cancelled the potential benefits are lost

**Career impact** – culpable people may lose professional status


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# Rehearse for the worst

Foresee potential crises

Ensure IT and communication systems are robust and sufficient

Practise how external communications will work in each case

Nominate people with specific roles following each crisis

Run simulation exercises

Role play how stakeholders may behave through a crisis

Train people in worst-case scenario techniques

Deal with inter-agency silos

Review and update plans regularly

Involve front-line workers in developing crisis plans

**Continuity management** consists of activities to protect the organisation's ability to function after an emergency


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