

Project Management Tales – Penny Wise, Pound Foolish

By Debbie Gallagher



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Each story in this series of Project Management Tales is true, but company names have been changed. Some stories occurred in Canada and others took place in the US or overseas.

Background

Acme Corporation, a British manufacturer, was implementing a new packaged billing system, including development of custom reports, modifications, and interfaces. Acme assigned twenty of its own staff, either part-time or full-time to the project. In addition, Acme hired Standard Consulting, who assigned twenty part-time and full-time consultants to the project. The consulting fees were expected to be about two million Euros for the nine-month project.

The Situation

The first phase of the project went well, with one Acme division starting to use the new billing system after seven months, as scheduled. The remaining divisions, billing over ninety-five per cent of Acme's customers were to be live nine months after the start of implementation.

During the eighth month, one of Acme's four technology staff quit with very little notice. Acme's project manager wanted to get a replacement hired quickly, but was also concerned about cost. As a result, he would not consider adding another Standard consultant. The Standard project manager then offered to assist in the interview and hiring process but the offer was declined.

The cost-focused IT manager decided to hire a contractor from India. This would save five thousand Euros over the remaining time on the project, and still have the new person working sooner than he could hire a permanent replacement. The Indian developer arrived within a week, and in less than two days it was obvious that the developer was not qualified and also spoke very poor English. By the time the developer was ter-

minated, a person-month had been lost. Acme decided to add another Standard consultant to the project to replace the terminated developer. This arrangement started immediately.

Now a second Acme developer quit his job, also with short notice. While recruiting was under way for the empty positions, another Standard consultant was added to the project part-time.

Then, a third member of the Acme technology team left his job with short notice. This time, the Acme manager asked the Standard manager to assist with the process of hiring a contractor, to ensure the new person was qualified to work with the new software and development tools. The new contractor started right away to catch up on the lagging work.

At the same time, there were significant performance problems with the new system. The database administrator was assigned to the project only part-time, so did not have time to solve the performance problems.

Action Taken

The Acme and Standard technology team members worked longer hours to try and catch up. In addition, the hours that the database administrator was assigned to the project were increased. However, enough time had already been lost that it could not be completely caught up, and the go-live date had to be delayed by a month.

Prior to go-live, the project team ran test billings successfully. Acme's IT manager told the Standard manager that since everything was working, no go-live support would be needed and the consultants could leave.



Standard Consulting's project manager thought it was wiser to keep a few of the consultants on site for a couple of weeks after go-live to support Acme. This would have cost Acme about twenty thousand Euros. However, Acme was insistent that they didn't want to pay more and that Standard should leave.

Epilogue

About a month after go-live, Standard's project manager was shocked to find out that Acme was extremely unhappy.

Upon investigation, Standard's manager found out that Acme had not properly run a step that was required prior to running the billings. Acme's staff did not have the experience to solve the problem quickly and the billing had been delayed. Acme's CIO had been concerned that she would have to resign her position if they could not produce invoices after spending millions on implementing the new software.

After all the work that had been done well, Standard's project manager was very concerned that Acme could end up dissatisfied. In order to ease Acme's concerns, he assigned a consultant to automate the pre-billing step and did not bill Acme for the work.

Conclusions


The Standard Consulting project manager discovered that it is possible for a project to go well and then for lack of go-live support, the delivery team can lose credibility. He may have found it worthwhile to manage this risk by assigning one consultant to stay for a week or two at go-live and not charge the client.

Providing a bit of free service is what he ended up doing, and perhaps they'd have all been happier if it had been offered earlier. Perhaps clearer documentation of the billing process and its pre-steps may have helped.

It is tempting during a project, when budget revisions are needed, to consider reducing or eliminating the go-live support budget. In this case, where the client had continuous turnover, leaving only the consultants with knowledge, it was an unwise decision. It may have saved a few dollars but nearly prevented the company from running its business.

Another cost-saving decision that turned out to be expensive was choosing the unqualified contractor from India because five thousand Euros could be saved. This amount of money was extremely small compared to the overall project budget of two million Euros, yet caused an entire month of work to be lost.

As an aside, the hiring of the Indian contractor also highlighted Acme's poor hiring practices, which were also made clear by the number of staff who quit with short notice. Very little effort was put into ensuring good quality hires. Since it was discovered that the contractor had poor English skills, I wonder if he was ever interviewed prior to hiring.

A final question about Acme's project manager: When the billing couldn't be made to work, and his boss, the CIO, was in danger of losing her job, why didn't the manager phone the consultants to ask for help? 

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