

ASK Reader Response

In the fall 2009 issue of ASK, Ed Hoffman wrote that the excessive optimism or pessimism of project teams can obscure the realities they need to understand to carry out their projects successfully. David T. Hulett, of Hulett & Associates, offers this reflection on Hoffman's remarks.

I am a project risk analyst/manager with experience analyzing the cost and schedule risk of large, complex projects in many industries. My associates and I have been assigned to do the risk analysis in support of the solid rocket booster for the Ares launch vehicle and support Constellation risk analysis by NASA's Independent Program Assessment Office. Perhaps my experience in these engagements and other industries (oil and gas, construction) can help put the issues you raise in a positive context.

I often see what you describe. Project teams may develop a plan early on with incomplete information; then that plan becomes engraved in stone. Alternatively, the team is given parameters by management that force the team to come up with a plan they do not believe in. At some point, a risk analysis may reveal the plan's flaws.

What can be done when an honest analysis predicts an overrun of months or years over the (unrealistic) baseline schedule if the project continues its plan and cost, related to schedule, is also driven up?

Project managers react to this "bad news" in several ways, some productive and some not:

- The results must be incorrect. We cannot possibly be that far off our target schedule. We will thank the analyst but toss the report into the trash and stick to our plan.
- The results may be correct, but we cannot do anything about it. The plan has been accepted and any deviation

will not be welcomed by management. We should inform management of the new targets from the risk analysis and work to those.

- The results are correct and show two things: how much we will be late and overbudget if we continue on our current path, and which risks are most responsible for driving us off our target. The project team should use the results as a tool and conduct risk-mitigation exercises, improving the project plan by attacking the high-priority risks first.

This last is the most mature and productive approach, but I have certainly experienced all three.

Mitigating schedule risk often costs money, and NASA management needs to be willing to trade off these two important objectives. Fully mitigating risk is usually not possible, but I have seen projects bring a predicted twelve-month slip back to a two- to three-month slip when schedule risk-mitigation actions are approved and implemented. This schedule saving may actually reduce contingency costs that were driven up by the initial schedule slip.

Pessimism about the current plan may be quite realistic, but the best, most mature response is to address the sources of that pessimism head-on in a constructive way. Project teams that embrace risk mitigation as the response to a realistic assessment of the project risk, rather than succumb to pessimism or unrealistic optimism, will have more success in their projects. ●

We welcome your comments on what you've read in this issue of ASK and your suggestions for articles you would like to see in future issues. Have a brief comment, a long letter, or your own project experience you'd like to share? Send it to us at ASKmagazine@asrcms.com. We look forward to hearing from you.