Chapter 10. Project Termination

10.1 The Varieties of Project Termination
10.2 When to Terminate a Project
10.3 The Termination Process

Course Unit Instructional Outcomes

At the end of the chapter, the students should be able to:

1. Explain the varieties of Project Termination.
2. Explain when to terminate a project.
3. Explain the termination process.
Project Termination

- (aka "project close-out" and "project finalization") is a situation when a given project is supposed to be closed or finalized because there's no more need or sense for further continuation.

- Project termination is managed under a respective procedure that requires the management team to examine current state of the project work, review progress of goals and objectives, evaluate the project against success criteria, and check status of deliverables.

The procedure of terminating a project is usually carried out in 8 steps, including:

- Close outstanding agreements with suppliers
- Transfer any responsibilities (if necessary)
- Dismiss or re-assign the team
- Release all remaining resources
- Close the project book (resolve all accounting and finance issues)
- Document lessons learned
- Accept (reject) the product
- Install and use the product
When to Terminate a Project

- Fundamental reasons why some projects fail to produce satisfactory answers to termination questions:
  - A project organization is not required
  - Insufficient support from senior management
  - Naming the wrong person as project manager
  - Poor planning

- These and a few other reasons, are the base cause of most project failures

- The specific causes derive from these fundamental issues

When to Terminate a Project

- Some questions to ask when considering termination:
  - Has the project been obviated by technical advances?
  - Is the output of the project still cost-effective?
  - Is it time to integrate or add the project as a part of regular operations?
  - Are there better alternative uses for the funds, time and personnel devoted to the project?
  - Has a change in the environment altered the need for the project’s output?
The Termination Process

- The termination process has two distinct parts
- First is the decision whether or not to terminate
- Second, if the decision is to terminate the project, the decision must be carried out

The Varieties of Project Termination

- There are four fundamentally different ways to close out a project: extinction, addition, integration, and starvation
Four Varieties of Project Termination

1. “Termination by extinction”

- Project has successfully completed scope and the client has accepted it.
- It has failed to achieve its goal.
- It has no longer support from the Senior Management.
  - Natural passing, or “termination by murder”
  - Either way, project substance ceases, but much work needs to be done
    - Administrative
    - Organizational

Four Varieties of Termination (cont’d)

2. “Termination by addition”

- The project is a major success. It becomes the formal part of the parent organization.
  - If a project is a major success, it maybe terminated by institutionalizing it as a formal part of the parent organization.
  - Project personnel, property and equipment are often simply transferred from the dying project to the newly born division.
Four Varieties of Termination (cont’d)

3. “Termination by integration”
   - The project is successfully completed. The project product is integrated to the operations of the client.

Four Varieties of Termination (cont’d)

4. “Termination by starvation”
   - The project is terminated by budget decrement
   - Withdrawal of “life support”
   - The reason of this termination is generally to shadow the failure of non-accomplishment of goals. This can save “face,” avoid embarrassment, evade admission of defeat.
The Implementation Process

- **Duties of the termination manager:**
  - Complete all remaining work
  - Notification to & acceptance by client
  - Complete documentation (accurately!)
  - Final payments
  - Redistribute assets
  - Legal Review
  - Files & Records
  - Follow-on support

The Final Report

- **Several Subjects should be addressed in the final report:**
  - Project performance
  - Administrative performance
  - Organizational structure
  - Project and administrative teams
  - Techniques of project management
Summary

- A project can be terminated in one of four ways: by extinction, addition, integration, or starvation
- Making a decision to terminate a project before its completion is difficult, but a number of factors can be of help in reaching a decision
- Studies have shown that the factors associated with project success are different for different industries and the various types of projects

Summary

- The project Final Report incorporates the process knowledge gained from the project
- In addition to preservation of project records, the Final Report embodies the experience from which we learn
- The Final Report should include: project performance comments, administrative performance comments, organizational structure comments, personnel suggestions
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