

## Case Study:

## Project Assessment and Recovery

*Consultative project management for a multinational technology expansion into a low cost labor market.*



## Situation

A large multinational Technology company, specializing in providing business solutions and human capital for software, call centers and business and back-office operations, embarked on building a new facility in India for outsource services in a lower cost labor market (LCLM). The company had limited experience with creating a LCLM offshore model. Multiple in country visits and site selection had already taken place. An executive sponsor needed assistance with new construction and extensive infrastructure work, including build out for technical specifications, including communication and networking technologies.

The project had a mandated deadline for the opening of the facility. The project had multiple teams, each responsible for meeting deliverables budgets and deadlines. Three months into the project, with the go-live date fast approaching, the project was experiencing overruns in both time and money. The risk was a significant financial impact to global operations, in the hundreds of thousands of dollars per each week of overrun.

The customer needed an assessment to determine the current state of the overruns, and a mitigation plan to provide cost containment and get the project back on track toward the original timeline.

## Solution

The situation was initially scoped by two VMC Consultants as a project assessment. The assessment defined the current state of the program, evaluated the gaps between current and desired state, and issued recommendations. Based on the recommendations, the customer also selected VMC to run the recovery effort to conclusion, in addition to the assessment.

The two senior consultants deployed on the assessment were experts at project management, using a VMC adapted PMI Methodology. One of the consultants was a Six Sigma Black Belt, and used that methodology for process improvement activities. The assessment was conducted in three weeks, with two site visits. The follow up work was lead by a local team in India, and coordinated from the United States. VMC leveraged Project Server and SharePoint as the collaboration platform for the project.

The assessment identified several areas that needed immediate remediation.

- The delivery model the company originally used was a “big bang” approach, integrating all plans at once over a long period of time, leaving little time to address project issues as the deadline approached. Meanwhile, the facility had to be 100% delivered by the completion date.
- The work breakdown structure and the schedule and work estimates were inaccurate.
- The evaluation of actual-to-budget costs and timelines attributed the project overruns to many schedule slips, resulting in the project missing a 100% delivery of the facility on the target date.

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Remediation began by restructuring the deliverable expectation from a 100% complete delivery to a phased roll out. The facility was divided in 4 zones that would be rolled out one at a time. Based on that model, the schedule was revised, with delivery of the telecommunications and network infrastructures still on track for meeting the target date for Phase One. The new schedule published, showing the integration points between all departments involved. The VMC recommendation included having one local project manager on-site, full-time, to facilitate the schedule update, daily. Additionally, the VMC consultants established a Risk and Responsibility (RACI) matrix and a communication plan to keep remediation plans on track.

With the new milestones defined, VMC Consultants established the value of the dollars invested to date, using the Earned Value Method. They made an informed recommendation to reduce some of the cost by sourcing a portion of the equipment locally, and outsourcing some of the facility support services to local firms at a fraction of the original budget. The outcome was that the facility successfully executed a phased rolled out on time. Phase One actually delivered three days ahead of schedule.

## Success

During the assessment, the consultants estimated that out of the overall budget of USD \$1,100,000, the money spent to date was \$820,000. This represented a return of \$.76 for every dollar invested and a budget overrun of \$215,000. Additionally, the project was late, with a progress rate of 89% of the original plan. At those current state rates, the project was on a path of finishing over budget by \$410,000, and over schedule by at least 30 days.

The assessment was performed in two weeks and recommendation implemented over a period of an additional 2 week. After the assessment and recommendation, the solution was implemented, with the following results:

- The project Phase One was delivered three days ahead of schedule and the other phases were on schedule at +/- 2 days allowing the company to operate in these spaces and realized the off-shoring benefits. The project ended up over budget by only \$5,000.
- By investing in the assessment, the company saved a potential \$410,000 in project cost alone. The company was also able to transfer some of their back office functions as planned and realize additional cost avoidance.

The company realized value by leveraging the recommendation around the gap of its current project management methods and shed the light on breakthrough improvement opportunities.

## About VMC Consulting

VMC is a technology consulting company providing flexible and scalable development and integration, IT outsourcing and customer care solutions to businesses, offering a competitive advantage through the effective application of people, processes and tools. Using an integrated PMO methodology and world-class talent and resources, VMC delivers targeted solutions for the unique needs of our customers.

By tailoring solutions to address specific business challenges, VMC becomes a true partner for reaching high performance goals. VMC is positioned to help through both consulting and outsourcing that delivers results. Our value is in our blend of proven experience, skilled expertise and defined thought leadership.