

The 'Safe Harbour' Concept

How do you approach judging the risk a project is exposing its sponsor's too? It can be very difficult to come to a reasoned conclusion. Is there model of risk can help you build a low risk plan, addressing it systematically during planning rather than as a follow-up activity? This article outlines a way of thinking about risk that may help.

A perspective that can be used to judge levels of risk?

The basis of this approach is that you think / reason about risk using the following model of the world:

The level of risk, present at any time, is a result of two factors, these being (a) how certain it is that action can be taken to get the project sponsors to a 'safe harbour' and (b) how hard getting to this 'safe harbour' would be if it becomes necessary.

Where a 'safe harbour' is

A state the stakeholders can be delivered to and left at without this resulting in the project being viewed as something that should never have been attempted.

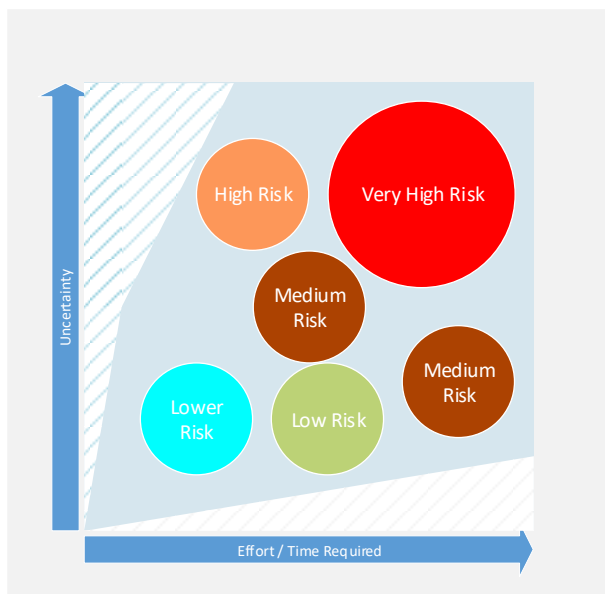
A 'safe harbour' might be a state the project and sponsors already planned to pass through or arrive at. Alternatively, 'safe harbours' could be diversionary, outcomes not on the original route. This last point is key, ultimately 'safety' may mean not doing what the project set out to do.

What is different about this model?

In the 'safe harbour' model risk is based on the consequences/outcome of attempting the project rather than on whether the project achieves its original objectives. This is more in line with the fluid situations projects operate within than is a model that focusses on whether the project does what it declared it would do. Needs change. In this model, risk levels are less susceptible to and sensitive to speculative internal changes to project plans and schedules causing risk to go from high to low. The model has a more solid link to the 'real world' situation.

A visual illustration of this concept

An informal illustration of the underlying concept of risk used here is given below. It shows how the risk of making for a particular 'safe harbour', varies depending on where the option sits on a grid with one axis of certainty and one of effort/time. The risk level of the project, as opposed to that of an individual 'safe harbour', is the risk level of the 'safe harbour' option that the project would make for if it had to 'cut and run' at that point in time.



'Safe Harbour' Risk Levels

If a clear, certain, path with a low level of effort can be taken to the chosen 'safe harbour' then the risk is low.

If there is a lot of uncertainty around whether the chosen 'safe harbour' is achievable and, at best, an attempt to do so will require lots of time and effort, then the situation is one of very high risk.

When one of the two is high whilst the other is low risks sits between these two extremes, with more risk arising from uncertainty than from identifiable time and effort demands.

What makes something a true 'safe-harbour'?

The term 'safe harbour' has been used without any concrete explanation of the concept, this detail needs to be addressed. In most cases, a 'safe harbour' will be an outcome with, as a minimum, the following characteristics:

You can stop - The project is not required to do any more, not required to deliver any 'new things' that are needed to stabilise or improve the sponsor's situation. Hence the project need consume no more resources. Any technology solution can go into 'business as usual' maintenance mode.

The sponsors can wait where they land - The sponsors are in a sustainable situation. They do not face detrimental impacts from upcoming events or pre-existing challenges that the project was meant to address and which they now do not have time do something else about. The sponsors have no need to immediately spin up a further change initiative, of any sort, to deal with things, they can rest and recover.

The outcome justifies the cost to date - There is a reasonable 'return on investment' balance across:

- The benefits the project has delivered
- The change in the sponsor's operational burden caused by the project (+ve or -ve)
- The costs of doing the project (both concrete incremental costs and opportunity costs)

Reaching a 'safe harbour' means an objective assessment of the project would not say it had been, in hindsight, a terrible mistake. This is not the same as saying the project achieved its overall original goals. Nor that the outcome had as much long-term benefit to the sponsors as these original goals. It is a place to go when there is no 'safer' higher benefit place within reach.

Given the definition of a 'safe harbour', what is a failed project?

Ultimately most situations can be dragged to a place where work stops and the sponsors rest and recover but they are not all 'safe harbours'. What scenarios mean a project has 'gone wrong' as opposed to having reached a 'safe harbour'. Here are some counter examples that illustrate situations where the project has not achieved 'safety'.

Abandonment - *The project is completely abandoned after eighteen months and the expenditure of 75% of the original budget. The system did not even make it into pilot use. The benefits are zero, possibly negative if the competition is now pulling away. The sponsor's operation burden impact is probably neutral. Significant concrete costs have clearly been incurred and the opportunity cost is likely to be high. Opportunity costs can be widespread. Not only where the resources that were originally allocated to the project consumed, it is likely that additional high value people were deployed to firefight and could not do other things. Other projects, with dependencies on this one, are delayed, not just until this one ends, but further because they must eliminate the dependency on a system that now will not be there. Finally, the organisations appetite for change will have been damaged, nothing 'big' may happen for some time.*

The 'dead horse' project – *The project, originally a nine-month rapid-implementation, is still alive twenty-seven months after it started. A pilot deployment went into service after fifteen months, twelve-months later no further progress has been made. Costs have escalated well beyond the original budget. There have been multiple re-planning exercises and multiple organisational changes. No dates are on the table for completion of the original objectives. The solution is being overtaken by events in the real world. Focus on it is reducing all the time, its budget per period has reduced, it is going nowhere.*

Stripped back to basics – *An original concept was to retire multiple legacy front-end systems and to move to a single integrated ERP system providing both front-end functionality and supporting finance operations. A failed and rejected pilot implementation of the front-end functionality has resulted in the footprint being rolled back to being finance operations. Everything is simplified, but the front-end billing processes are now no longer being standardised. Moving to an ERP system simply supporting back-office finance operations now looks like overkill. Certainly, the expenditure to date can in no way be justified given the loss of front-end consolidation.*

The examples are not a full definition of the opposite of 'safety' but, hopefully, they, along with the previous outline of what a 'safe harbour' is, have provided an understanding of the distinction between 'safety' and 'failure'.

An aside, what about intrinsically ventures?

What about projects that are intrinsically risky but offer the potential of great rewards? It might be that it was worth 'having a go' at project X, as the benefits of success would have been large, and the costs incurred were reasonable, but, unfortunately, it did not pay off this time. As an analogy, think about the pharmaceutical industry, an industry that is used to running projects that, in the end, do not produce products (80%+ of projects do not result in new drugs), but where the projects themselves are not deemed to have 'gone wrong'.

In this model, such situations need to be considered in the cost / benefit analysis. A judgement being made on how much cost it was worth incurring before realising something could not be done. A project that stays the right side of this line is in 'safe harbour' territory, one that crosses it by too much is not.

Practical illustrations of different levels of risk

What do levels of risk mean in the real world? Here are some illustrations, rather than definitions, of levels of risk using the 'safe-harbour' concept of risk.

Zero Risk - *If you could simply stop work tomorrow and that would be deemed a satisfactory and successful outcome then the project presents zero risk to the sponsors.*

Low Risk – *If completing the current, in progress, release is all that must be delivered, there is a history of successful releases, there is nothing spectacularly different about this current release, some of the resultant shortfall can be covered reasonably with additional business processes and what will not then be supported does not matter then you have a low risk situation.*

Medium Risk – *The critical legacy system must go and so the project can't stop yet, however, the legacy system can be kept going for another year if necessary, though at some considerable cost. The timescales were short to start with, the project deployed the pilot implementation for personal customers a quarter late and, four months on, the team has just broken the back of the backlog of pilot issues. The roll out necessary to allow retirement of the legacy system involves, more of the same, but for more complex business customers and there are some of the more complex scenarios that everyone knows nobody knows how to do. This is a medium risk situation.*

High Risk – *The project is seriously late and has not picked up any pace due to the unforeseen challenges it faces. What has been delivered has been of low quality creating the additional burden of extra remediation and extra testing cycles. The programme is heading towards being significantly over the original budget. The operational burden for the business in the pilot sector has gone up not down. The company's digital strategy is based on getting this consolidated solution in place, without it that strategy falls apart and the competition will have a field day. This is a high-risk situation.*

You Are Doomed - *The eighteen-month programme window has come and gone, the solution is still in pilot. Two attempts to go to level-two have fallen apart during the quality assurance stage and level-two is relatively simple compared to the two further levels that follow. The only result that does not cripple the sponsoring organisation is to complete the original vision. This situation is beyond risk, the risk that the project will fail has materialised, you are doomed.*

Few projects, even in the Agile world of minimum 'viable' product delivery, really operate in the Zero risk space. Our experience is, sadly, that a typical project operates in the medium, or above, risk zone and so, when something goes wrong, a typical project soon turns into a failed project.

Making use of the concept

Assessing and reporting on risk

If a project's situation must be assessed, the concept gives an outcome-focused way of judging the risk its sponsors are exposed to. Rather than focussing on 'how well' the project is working, focus on 'how far from safety' it has taken, or will take, the stakeholders.

Work out the best possible route to safety from the project's current situation. That gives the current risk. Assume the project progresses to its next waypoint and do the same from there. Repeat for each waypoint. Note this gives not a single value for the risk of the project, but a series of assessments. As the project progresses to its road-map, the risk level can vary both up and down. If an overall assessment of risk is required, then it is the worst-case level seen assuming the project follows its envisaged route.

Ensuring planning keeps 'safe harbours' 'within reach'

As illustrated earlier, a project can be out of reach of any 'safe harbour'. This may be a transitory situation, or it may be that a project 'goes beyond the point of no return' where there is no possibility of reaching safety. It has 'sailed off the end of the world'.

To increase the probability that a project will not be a failure, whatever happens, projects should aim to ensure their 'safe harbour' risk is always low. The road-map and plans for each stage of the project should aim to have a 'safe harbour' 'within reach' at any time. Here 'within reach' means something where there is a high certainty it can be achieved and where this can be done within a short time and at reasonable cost.

To make this concrete, think of it as follows. At the end of each month a review is to be held and, should that review decide to stop the project, then, without much fuss, the project should be able to dust off, tweak and activate an 'escape plan' that has already been prepared. The plan is there in case the stop decision is made in that month. Its role is to take the project, smoothly, to a 'safe harbour'. A sound 'escape plan' should exist for each month of the core project plan. If there is no acceptable 'escape plan' for a month then the core plan should have been rejected when it was put forward.

The reality of much project work is that, to retain a hope of readily reaching a 'safe harbour', you must plan each stage so that it does not take you away from safety. Too many projects simply take the 'shortest' route towards their 'golden' outcome not caring that along the way they will place their sponsors in situations in which there is no safe place in sight. The need for 'escape plans' must influence the shape of the core plan.

The more nuanced aspects of the concept

The points listed below have been highlighted because recognising them is important to understanding how the concept works and to avoiding misunderstanding it.

Levels of risk are dynamic

With this model the level of risk of a project is not constant and it is not something that necessarily decreases as progress is made by the project. It can go down, over time, but it can also go up. Furthermore, it can go down, then up, then down and so on, all whilst the project is executing to plan and there are no external changes.

External factors can change the level of risk

Risk can be altered by external events that are nothing to do with the project's execution. Everything can be going to plan when, out of the blue, something external changes and the project suddenly is at greater risk of being a problem to its sponsors. For example, the need to split a business unit off can turn a project from a 'nice to have' into a business-critical work stream overnight.

The successful execution of planned work can increase risk

A project can plan to commence a stage or work that will increase risk, though eventually, possibly after some considerable time and some considerable heightening of risk levels, the level of risk will start to reduce again, so long as things do not go wrong. How does this happen? Examples are:

No going back – A project may have done proof of concept work and then a decision is made to commit to the project, to 'bet the house' on it. As the project, and time, progresses, and the ability to go back on the decision and do something else reduces, the risk is going up. The dependency on its success increase but, until it delivers, the certainty of the success does not. By planning and committing to the work the level of risk increases, getting higher even as the work progresses to plan, because alternatives fall away.

Beyond the point of no return – A specific case of the no going back scenario is where the date by which an alternative approach to a fixed date problem had to be started goes by, without action, and the project becomes the only solution possible. Here project risk experiences a step change, upwards, at that point. An example of this is a that of a financial services company that needs a project to migrate customers to a cloud solution to succeed by the time new data protection regulations come into force because it is now too late to make legacy systems compliant.

Investing on an uncertain outcome – Embarking on a 'big bang' stage with a long duration and lots of costs that only delivers benefit at the end where there is uncertainty about success is something that increases the risk of failure. If the stage fails, then the lost opportunity and cost downside go up whilst benefits remain unchanged. This could have taken the project away from any 'safe harbours' due to the cost benefit aspect of 'safety'.

Multi-project risk

This note has talked about the concept in the context of an individual project, however, often, stakeholder exposure may depend on more than one project. Assessments may need to look at a collection of projects. It may make no sense to look at a project in isolation.

This is one perspective and one that may not fit all situations

This model provides one perspective on risk. It is not necessarily the only one that should be considered. Nor is it necessarily always applicable. The first step in applying it is to look at how well it fits the situation and objectives and to look at whether the model could 'go wrong', doing more harm than good. If that is the case, find another model or work out how to adapt this one. Do not blindly apply something that will not work.