



Why Technology Projects Go Off Track – And How to Get Back on Course

Technology projects are notorious for delays, budget overruns, or failure to meet objectives. In fact, **70% of digital transformation efforts fall short of expectations** (BCG, 2020). Scope creep affects **34% of projects annually**, contributing to missed deadlines and increased costs (PMI, 2023). These statistics highlight the critical need for organizations to detect early warning signs and take corrective actions to keep their projects on course.

Project failures are a common challenge in business, with multiple potential causes ranging from poor planning and misaligned expectations to lack of stakeholder engagement and unforeseen market shifts. Even well-resourced initiatives can falter due to technical hurdles, changing priorities, or leadership gaps, underscoring the complexity involved in bringing projects to successful completion

Common Reasons for Project Failure

1. Unclear Objectives and Poor Planning

When project goals are vague or not aligned with business strategy, teams struggle to meet expectations. Asana's Anatomy of Work report shows that **only 47% of employees clearly understand how their tasks align with broader business goals**.

2. Scope Creep

Unmanaged changes to the project's scope can overextend teams and resources, leading to burnout and delays. PMI reports that **52% of failed projects cite scope creep as the primary reason for failure**.

3. Unrealistic Timelines and Budgets

Overestimating capabilities or underestimating risks can set a project up for failure. The PMI notes that **39% of projects exceed their budgets**, while **29% miss key deadlines** due to misjudged planning.

4. **Poor Communication and Stakeholder Engagement**

Harvard Business Review highlights that **60% of projects experience setbacks due to insufficient communication** between project teams and stakeholders, causing confusion and delays.

5. **Resource Constraints**

A shortage of talent or mismanaged resources can cripple delivery. According to a McKinsey study, **projects delayed due to staffing challenges lose 25% of their value** on average.

Top business schools often advocate for abandoning unsuccessful projects to prevent further losses and free up resources for more promising opportunities but there are many exceptions.

Leading business schools frequently recommend discontinuing unsuccessful projects to mitigate further losses and redirect resources toward more viable opportunities. This approach is supported by insights from experts who emphasize the importance of strategic resource allocation and project evaluation.

For instance, research from Harvard Business School highlights the need for rigorous project assessment and has led to discussions about the "pivot or persevere" dilemma, where leaders must decide whether to continue investing in a failing initiative or to shift focus. Similarly, the Columbia Business School has produced studies demonstrating that timely abandonment of unproductive projects can enhance overall organizational performance

They emphasize the importance of regular evaluations using specific performance metrics to guide such decisions. These metrics include schedule and budget variance, stakeholder satisfaction, and alignment with strategic objectives.

Why A Company May Choose To Stay With A Project Despite Challenges For Strategic And Practical Reasons.

Sometimes, strategic and adaptive reasons encourage companies to stay the course despite initial setbacks, viewing challenges not as deterrents but as opportunities to evolve and grow their ventures further.

1. **Long-term Vision and Strategic Value:** Even if a project faces delays or unforeseen issues, it might align with the company's long-term strategy or unlock future opportunities. The project could help the organization build valuable intellectual property, create new market channels, or stay ahead of industry shifts, particularly in fast-evolving markets like technology or AI.
2. **Investment Recovery and Sunk Costs:** Having already committed time, resources, and capital, companies may continue a project to recoup some of the investment. Abandoning efforts midway could be more costly than adapting the project to new realities. This concept, known as the sunk cost fallacy, often influences decision-making in both startups and established businesses.
3. **Adaptation and Pivoting Opportunities:** Many businesses see challenges as a chance to pivot or reframe a project. For example, startups often change direction by identifying new use cases, audiences, or business models during product development. Pivoting is often considered a natural part of the growth process, especially when external conditions evolve unexpectedly.
4. **Competitive Positioning:** Companies may persevere to prevent competitors from gaining an edge. Staying with the project could protect market share or prevent rivals from entering a niche. Additionally, companies may fear reputational damage if they pull out, particularly if the project is visible to stakeholders or customers.
5. **Stakeholder Relationships and Ecosystem Support:** Firms may also stay committed to maintain relationships with key partners, customers, or investors. Abandoning a project might strain these relationships, especially if external parties have already invested trust or resources. Continuing under difficult conditions can demonstrate resilience and reliability to important stakeholders.

Key Indicators Suggesting Project Failure Include:

- **Schedule variance:** Delays beyond 10% are often considered critical, prompting discussions on whether to abandon or pivot the project.
- **Budget variance:** Deviations beyond the allocated budget can indicate inefficient resource management, signaling a need for reevaluation.
- **Customer and stakeholder alignment:** Lack of strong alignment or miscommunication with stakeholders is a common cause of project failure, making the intended outcomes unclear or unachievable.

Project management experts stress that companies should not fear pulling the plug on struggling initiatives, as doing so can lead to more sustainable long-term growth. The most successful organizations regularly track progress using mutually agreed-upon milestones and performance metrics, aiming to catch

potential issues early on. This disciplined approach ensures they avoid sunk-cost fallacy, a cognitive bias where teams continue investing in failing projects simply because of the time or money already spent

Harvard Business School and other institutions emphasize that businesses must recognize when to pivot or abandon failing projects to avoid further sunk costs. Professors like Thomas Eisenmann and Sarah McDonald focus on using adaptive learning and experimentation to determine if a venture should shift direction. Metrics such as market fit, product validation, and cash runway are often used to evaluate whether projects can be salvaged or should be discontinued. Abandoning unsuccessful efforts helps companies redeploy resources more effectively into opportunities with higher chances of success

How to Get Projects Back on Track

If a project shows signs of failure, implementing these strategies can help:

- **Reassess Objectives and Align Stakeholders:** Clarify deliverables and ensure all stakeholders are aligned on goals.
- **Implement Scope Control:** Introduce change management protocols to manage scope creep effectively.
- **Optimize Communication Channels:** Establish regular check-ins and reporting systems to maintain transparency.
- **Reallocate Resources:** Prioritize key tasks by deploying top talent to areas with the greatest impact.
- **Develop Contingency Plans:** Build in time and budget reserves to handle unforeseen challenges.

When to Pivot or Abandon a Project

Research from **Harvard Business School** advises that companies should conduct regular reviews to evaluate progress. If a project continually fails to meet milestones or no longer aligns with business objectives, it may be time to pivot or abandon it. To pivot effectively, companies should:

- Conduct a **cost-benefit analysis** of alternative solutions.
- Assess how market conditions and new technologies impact the project.
- Involve leadership to determine the long-term benefits of changing direction.

How BaseForge Gets Your Projects Back on Track

At **BaseForge**, we provide **A-level, experienced professionals** with real-world expertise in delivering complex technology projects. We understand the challenges that derail projects and have a **proven approach to identifying bottlenecks, realigning resources, and delivering actionable results**. Unlike large consulting firms that rely on junior staff for project execution, our team offers **hands-on leadership and deep industry knowledge**, ensuring your project gets back on track efficiently.

Contact us today at **1 914-893-2734** or directly at team@baseforge.co or visit us at: <http://www.baseforge.co/>

