CASE

Datatech's Audit

Steve Bawnson joined Datatech's engineering department upon obtaining his B.S. in Electrical Engineering almost six years ago. He soon established himself as an expert in analog signal processing and was promoted to Senior Design Engineer just two years after joining the firm. After serving as a Senior Design Engineer for two years, he was promoted to Project Manager and asked to oversee a product development project involving a relatively minor product line extension.

As Steve was clearing his desk to make room for a cup of coffee, his computer dinged indicating the arrival of yet another email message. Steve usually paid little attention to the arrival of new email messages, but for some reason this message caught his attention. Swiveling in his chair to face the computer on the credenza behind his desk, he read the subject line of the message: Notebook Computer Development Project Audit Report. Steve then noticed that the message was addressed to the Vice-President of Product Development and was cc: to him. He immediately opened and read the message.

Datatech had recently adopted a policy requiring that all ongoing projects be periodically audited. Last week this policy was implemented and Steve was informed that his project would be the first one audited by a team consisting of internal and external experts.

Datatech Inc. is a full-line producer of desktop and notebook computers that are distributed through a network of value-added resellers. After completing the desktop product line extension project about nine months ago, Steve was asked to serve as the project manager for a project to develop a new line of notebook computers.

In asking Steve to serve as the project manager for the notebook computer development project, the Vice-President of Product Development conveyed to Steve the importance of completing the project within a year. To emphasize this point, the Vice-President noted that he personally made the decision to go forward with this project and had not taken the project through the normal project selection and approval process in order to save time. Steve had successfully completed the desktop project in a similar timeframe, and told the Vice-President that this target was quite reasonable. Steve added that he was confident that the project would be completed on time and on budget.

Steve wasted no time in planning the project. Based on the success of the desktop project, he decided to modify the work breakdown structure he had developed for the desktop project and apply it to this new project. He recalled the weeks of planning that went into developing the work breakdown structure for the desktop project. The entire project team had been involved, and that was a relatively straightforward product line extension. The current project was more complicated, and there simply was not sufficient time to involve all team members. What was the point of wasting valuable time and resources to re-invent the wheel?

After modifying the work breakdown structure, Steve scheduled a meeting with the Vice-President of Product Development to discuss staffing the project. As was typical of other product development projects at Datatech, Steve and the Vice-President agreed that the project should be housed within the engineering division. In his capacity as project manager, Steve would serve as liaison to other functional areas such as marketing, purchasing, finance, and production.

As the project progressed, it continued to slip behind schedule. Steve found it necessary to schedule a meeting each week to address how unanticipated activities would be completed. For example, last week the team realized that no one had been assigned to design the hinge system for attaching the screen to the base.

Indeed, Steve found himself increasingly in crisis mode. For example, this morning the manufacturing group sent a heated email to Steve. The manufacturing group noted that they just learned of the notebook computer project and based on the design presented to them, they would not be able to manufacture the printed circuit boards because of the extensive amount of surface mount components required. Steve responded to this message by noting that the engineering group was doing its job and had designed a state-of-the-art notebook computer. He added that it was the manufacturing group's problem to decide how to produce it.

Just as troubling was the crisis that had occurred earlier in the week. The Vice-President of Product Development had requested that the notebook computer incorporate a new type of interface that would allow the notebook computer to synchronize information with a personal digital assistant Datatech was about to introduce. Steve explained that incorporating the interface into the notebook computer would require changes to about 40 percent of the computer and would delay the introduction by a minimum of several months. Nevertheless, the Vice-President was adamant that the change be made.

As Steve laid down the audit report, he reflected on its conclusion that the project be terminated immediately. In the judgment of the auditing team, the project had slipped so far behind schedule that the costs to complete it were not justified.

QUESTIONS

1. To what extent were the problems facing the notebook computer development project avoidable? What could have been done to avoid these problems?
2. Would it make sense to apply a project selection model such as the weighted scoring model to this project to determine if it should be terminated?
3. In your opinion, are the types of problems that arose in this situation typical of other organizations? If so, what can organizations in general do to avoid these types of problems?