

Improving the performance and certainty of outcomes of your major capital investment projects and programmes

Despite the current economic uncertainties, whether in mature economies or in emerging markets, countries and businesses are looking for creative solutions to achieve their long term views and fulfill their needs. Government and business leaders have to find ways to be both strategic and more efficient in developing and directing funding and managing major capital infrastructure projects and programmes in order to deliver their intended benefits.

“The future is not what it used to be...” wrote Paul Valery however, effective time management and project and programme risk management can play a fundamental part to realise strategic objectives and achieve better performance in delivering major capital programmes and projects and ultimately improve the efficiency and sustainability of our Built Environment.

Too many times, within client organisations or a delivery/service providers organisations, have I witnessed impatience and miscommunication in action - impatience and miscommunication that often leads to pouring concrete in the ground before the ink has dried out at the bottom of a contract. I often compare this level of value destruction to pressing a button to call for a lift in a building and pressing it again 2 seconds and 5 seconds later just in case our first instruction was not received. Most of the times, the lift is already on its way, sometimes to another floor...

The list of common reasons for project or programme failure is long but unfortunately not rare, nor unknown nor uncommon (unresolved or uncertain project strategy, unclear business objectives, inadequate planning, ineffective governance mechanisms and inconsistent decision framework, poor monitoring and control, unmanaged changes, unrealistic budget and contingency provisions, poorly defined contractual terms and conditions, unresolved disputes etc...) and will inevitably lead to missed deadlines, substandards quality and exceeded budgets.

How can you improve performance and certainty of outcomes of your major capital investment projects and programmes? Could Harry Potter help? not on his own I am afraid.

First of all, and crucially, delivering successful projects and programmes has much to do with identifying and managing the risks they may face. The key here is that projects and programmes are being delivered more successfully in an environment and culture that supports the management of risks because this gives the organisation greater control over its fortunes.

Questions I often hear from the management of governmental and international corporate organisations are: our major project or programme is not sufficiently under control , the number of claims is increasing - can you embed experienced resource to help turn this around? Can you review our risks using a single global approach? Or simply I don't trust the reports I receive, there are too many and the information does not reconcile – can you help?...

In essence control comprises tracking performance against agreed plans and taking the corrective actions required to meet defined objectives – this can be applied from strategic investment planning and strategic objectives delivery via portfolio management to the delivery of projects and programmes contributing to a single business objective and the accurate evaluation in real time of their attractiveness to shareholders.

Project and programme control drives performance and increases the certainty of project outcomes and programme benefits delivery. My experience shows that control can only be achieved through the accurate monitoring and reporting of capital project progress providing key decision makers such as, Project Managers, Programme Directors and the Executive Board with information that is relevant and simple to understand.

Establishing and implementing a measurement and reporting system is a complex and evolving process. Reporting requirements will change as project and programmes move from inception, through their lifecycles. It is important that the reporting system is designed to focus on project performance that matters at the relevant stage.

The critical success factors that underpin the operation of effective project reporting are also well known:

Strategic objectives - performance measures need to be aligned with the strategic objectives of the organisation. These objectives must be clearly communicated and understood by employees and external stakeholders

Baseline Management - the baseline programme timescales, resources and budget cost for the approved brief are clearly and consistently communicated to all parties

Work Breakdown Structure (WBS) – a WBS is designed to provide a common basis for linking the scope of work, estimates, budgets, schedules, earned value progress, performance and cost reports, based specifically on the customer's brief.

Progress Management - as the programme progresses the actual delivery times, resources and costs are recorded, analysed and compared to the baselines

Change Management - all changes from the original baseline are managed and incorporated into subsequent controlled copies of the original baseline called the current baseline. The current baseline is progressed to reflect the current situation and subjected to analysis

Reporting - all baseline and progress information is collected, analysed and reported in a simple yet robust manner, based around schedule, cost and quality performance reports. Clearly communicating the status of the delivery brief to all parties including the client

The measures that matters for effective project reporting should be simple and reliable.

Key performance indicators themes should be reported and agreed by each functional area or in leading global organisations across a portfolio of projects or a programme to deliver business objectives. Then aggregated into project, programme and Executive Board reports one can read, why not enjoy, and understand to meet the needs for information, control and governance. As the project progresses through its lifecycle the quality and availability of key performance data available to the different functions will develop.

Performance measures should be based on the key performance indicators that are most commonly associated with a capital project and include key objectives such as cost, time and quality.

Organisations will also seek to measure and report other success factors that align with their strategic objectives such as environmental sustainability and corporate social responsibility themes. The importance of these performance indicators and measures will change as the capital projects and

programmes move through the various stages of their lifecycle (investment planning, design, procurement, manufacturing, construction, commissioning and operations).

Once this process is in place and data and information are flowing more or less painfully, it is then down to management to trust it and act upon it. As there is often no worst decision than no decision at all – even a bad one!

This trust will undoubtedly be reinforced by a level of check – called project or programme assurance carried out by independent internal or external experts either reporting to the executives directly or better to a risk and audit committee that has some influence and is respected.

Effective planning and control will lead to fair arbitration and clear, timely decision making.

Doing the right things and doing things right!

Major projects and programmes require the collaboration of many stakeholders, including those who commission and finance it, those who will use the end product and those who will build it. It takes a whole organization to make a project a success. If an organisation is serious about improving the way it manages projects and programmes, it will have an opportunity to improve the way it manages its business. Why not start today?

About the Author

Gildas André is Founder and Managing Partner at GAN.

- Gildas advises board members and departmental heads on planning and delivering major international capital investment programmes and managing issues arising from disputes in the construction, infrastructure, transport, property and energy sectors.
- He has 15+ years of formative and professional international experience across central Europe, Africa, South America and the UK with leading engineering, law and management consulting organisations including a senior management performance improvement advisory role with Ernst & Young and a Director role in forensic investigations with Accuracy Financial Services in London.
- Gildas is a specialist in programme management and in establishing governance and controls effectively connecting strategy and operations; finance and delivery. He is also a planning and programming expert in strategic phasing, integration and production management and in preparing and defending claims for delay and disruption.