

“Today”



- Background
- Project Controls Metrics
- Interface with Project Management process
- Governance
- Questions

Background



- **Lou Vidotto**

- Over 40 years of Project and Study Experience
- Project Controls Engineer and Manager
- Site Engineer
- Project Manager
- Business Owner
- Trainer
- National Committee Australian Cost Engineering Society

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Background



- **Last Time**

- Last time we spoke about :
 - What is Project Controls?
 - Role of the Project Controls Professional
 - Basic Metrics

- **Today**

- Why do we need Project Controls?
- Interfaces with the Project Management process
- Project Governance

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Background



- **Best Project?**

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Project Controls Metrics



- **Defining Project Controls**
 - E – Establish the Baselines
 - C – Collect Information – Cost, time, progress
 - A – Analysis the results
 - R – Recommend Solutions and way forward
 - R – Report the Results

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Project Controls Metrics



- **What are the key Project Controls Metrics? What do they look like?**
 - **Scope Book by WBS**
 - This is what is approved to be built
 - **An Execution Strategy**
 - The approved method of construction
 - **A Budget**
 - How much money has been approved to build the scope by the defined strategy
 - **A Schedule**
 - How long will it take to build it

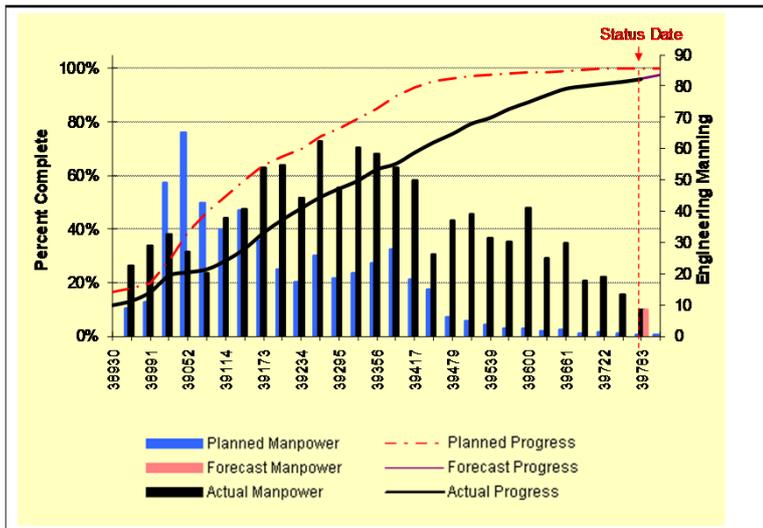
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Project Controls Metrics



- **These are manifested by Engineering Progress**
 - Using twice as many hours as planned
 - Up to 9 months behind plan

Engineering Progress



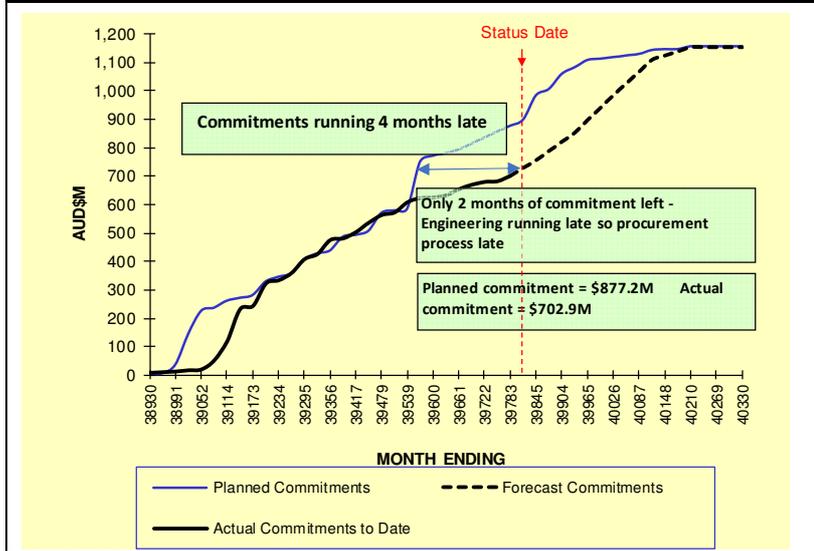
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Project Controls Metrics



- These are manifested by Commitment Status
 - Commitments running 4 months late
 - Only 2 month of commitment left

Commitment Status AUD\$M



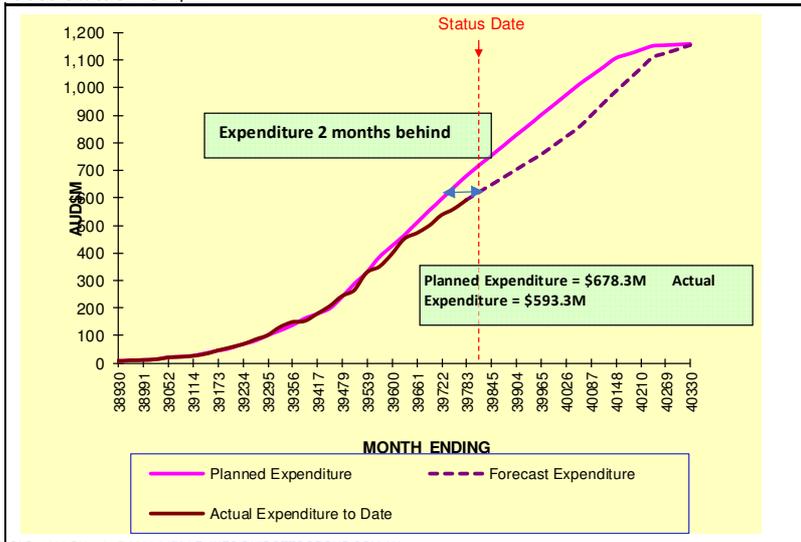
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Project Controls Metrics



- These are manifested by an Expenditure Curve
 - 2 months behind plan
 - Forecast cost looks low
 - Spending 22m per month

Cost Status AUD\$M



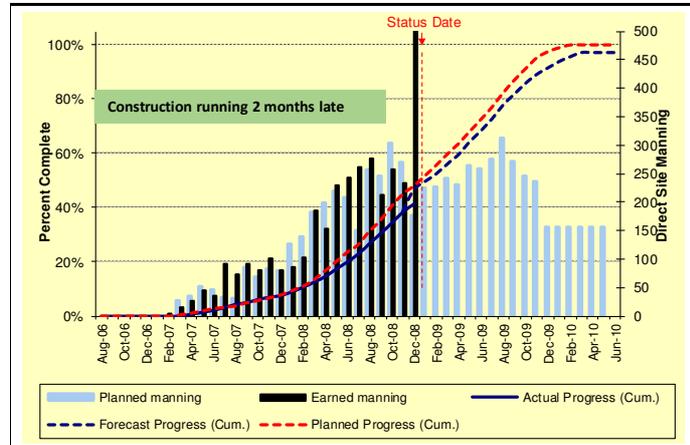
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Project Controls Metrics



- These are manifested by Construction Progress
 - Construction 2 months late and slipping

Construction Progress



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Project Controls Metrics



- The intention is to provide analytical information that informs the Project Manager what is happening, why and how to fix it.
- The Tools that a Project Controls Professional to do his job are
 - Change Management Program
 - Budget Allocation and Commitment process
 - Quantity Tracking
 - Quantity and Resources based Progress measurement
 - Regular review of costs and time "TO GO"

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The Project Management Process

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- Information produced by the Project Controls team is useful and has known to be wasted:

UNLESS !!!

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The Project Management Process

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- The Project Manager demands it, understands and uses it.**
- Every Project:**
 - Is going to take longer or shorter than planned
 - Will cost more or less than budgeted
 - Could result in change of quality
 - Could result in a change of scope
 - May take a different strategy to recover schedule or costs

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The Project Management Process

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- **How does the Project Manager deal with this?**
- **What does he tell the Steering Committee, Board, other stakeholders etc?**
- **False or inaccurate information:**
 - Can impact the company operations
 - Can sink the business or project
 - Can get the Project Manager fired
 - Embarrass the Government

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The Project Management Process

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- **What gives the project better chance of success?**
 - The Project Manager is onboard from the start of the planning/study phase
 - Make sure the study documentation is clear and in a form that that can be easily understood and tracked against.
 - Make sure that the delivery parameters are clear
 - Cost or Schedule
 - Baseline the key documents
 - Make sure there is clear lines of accountability
 - Employ professional Project Controls personnel

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The Project Management Process

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- **Ask the Project Controls Professional to implement**
 - Change management program
 - Quantity / Deliverable progress measurement, with Resource usage
 - Quantity tracking program
 - Regular Package based forecasting of time and cost
 - Set up the reporting
 - Internal, external, portfolio
 - Manage the risk register
 - Forecast Contingency

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Governance

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- **Why is it so important to report effectively and openly?**
 - Project Success
 - Company sustainability and profitability
 - Client satisfaction
 - **LEGAL**
 - Company Boards must report to Shareholders the true status of projects and the business
- **The Australian Institute of Company Directors recently issued**
 - Governance of a Nation
 - Report Card on Progress

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Governance



- **Some key points:**

- "Australia's Productivity has languished for a decade or more"
- "Australia's trust in business at 42% is well below global average"
- "92% of Company Directors in the second half of 2017 are devoting effort to change culture in their organisations"



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- **There is a recognition that recent Project history in Australia is quite poor**

- Overruns in time and cost
- Poor planning
- Poor Definition
- Claims
- Inexperience
- Misreporting

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Governance

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- **The Project Controls Profession is improving its performance**
 - Chartered Status
 - Accreditation
 - Work more closely with Owners, Governments and Clients
 - Improve awareness and recognition of the valuable role that they provide

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Questions

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