

## **The Role of Project Execution Consultants**

### **Overview**

The role of any “Consultant” should be to add value to an existing process. The attached paper on “Project Execution” outlines the various stages that a Project goes through from beginning to end. During the life of any Project, there are critical points that must be managed and critical decisions that must be made in order for the “criteria for success” to be met. While all this can be managed internally with existing personnel, they must have the knowledge and experience base to properly guide the Project Team. This is relevant to both the Client and the Contractor teams of people. This seems to be more difficult today as the experience base of leadership is less than in previous years due to either a lack of adequate training of the new leadership or an increase in the retirement of previous Senior Management leaders who used to perform this task or both. Whatever the case, this situation has created a void in Project Execution and it must be filled in order to prevent Project failures that damage long-standing relationships, have large monetary overruns and results in elongated schedules that do not meet the needs of the facilities. If the Client or the Contractor (or both) are having these issues, one solution is the use of experienced independent Consultants that have “been there and done that” and are capable of solving the problems that are occurring on projects today. Furthermore, since they are independent, they are not bound by the bureaucracy or political atmosphere that exists inside most companies today. In this way, they can provide straight forward answers to personnel, and Senior Management, that are not “watered down or have to be politically correct”.

Let’s explore where and how these Consultants can assist and why they can be a valuable asset to both the Client and the Contractor base.

### **Project Formation**

This phase of the project is almost always performed by the Client. Projects are generated due to a need from an existing facility or from a Corporate need to expand their business. In either case, a project is outlined and a project team is formed to explore what it will take to perform this task. A scope of Work is defined and a cost estimate/ schedule is generated by the client. This information

is reviewed by Senior Management (who controls the funding) and if the cost and schedule meet certain criteria, the project is approved. This stage of the project is often overlooked by the Client as a critical point but it can, and often does, greatly influence the final outcome. Time and time again, Client project teams do not take enough time, or don't have the experience, to explore all of the issues that will most certainly occur during the life of the project. Way too often, they "force fit" the cost and schedule to meet the Corporate criteria for Project funding, thereby making unrealistic promises that they have little or no chance of achieving and this action greatly increases the percentage of project failures of both the Client and the nominated Contractor at the end of the project.

This is the first place where a Project Execution Consultant (PEC) can be of service. They can:

- Review the Client Scope of Work, the cost estimate and the schedule and compare it to Industry norms.
- Interview the nominated Client Project team leaders to ascertain their ability to successfully execute the Scope of Work
- Assist the Project team in the development of the next stage of the Project (the bidding process) so that the "right" Contractors are chosen to join the team.

### **Finding a Contractor**

While the names of Contractors are generally well-known entities, picking the one that will give the Client the best chance for a successful project is not as easy as it appears to be. The Client base today appears to more heavily weight the belief that all Contractors are basically the same from a technical standpoint and therefore the only differentiator is "Cost". In addition, there is a belief that the Contract vehicle (Lump Sum versus Cost Reimbursable) is a viable solution to the Project failure issue. Nothing could be further from the truth and both of these beliefs have led to some spectacular project failures and subsequent large lawsuits that are very expensive and time consuming for all parties.

This is the second place that a PEC can be of service. During the bidding process, they can assist the Client in:

- Confirming the Contract vehicle (Lump Sum versus Reimbursable) that is to be utilized in the execution of the project. Some of the Client base executes all of their projects in only one fashion, either Lump Sum or Cost Reimbursable, so the decision is easy. For others, it is much more difficult as the decision is performed on a case-by-case basis. Remember that there are a few very important factors that should ultimately determine which Contract Vehicle to utilize. They include:
  - Is the Scope of Work adequately defined for Lump Sum? If not, either continue the Preliminary work until it reaches the criteria for Lump Sum or perform the next phase on a reimbursable basis.
  - Are both the Client and Contractor companies organized to adequately handle the Contract Vehicle chosen, including Senior Management personnel?
  - Who wants to own the Risk on the project? In Lump Sum, the Contractor charges the Client an additional cost for carrying the Cost and Schedule overrun possibilities. In a Cost Reimbursable scenario, the Client carries this burden, but doesn't incur any extra charge from the Contractor.
- Developing the correct "Bid List" of Contractors to perform the Work. While this appears easy to do, more often than not the list is not well thought out by the Client personnel because they do not possess enough knowledge of the Contractor base as to what their true Project Execution capabilities are, what their "track record" on past projects similar to the one you are bidding is, what their philosophies on Client relationships are, and many other factors that are too long to list (The PEC that you engage should have an in-depth knowledge of the Contractor base, and most likely would have worked at a Senior level for a Contractor at some time during their career). Remember that this stage of the Project is critically important to the ultimate success of the Project and a considerable amount of time should be spent here getting the "right" partner that will make the Client successful. Therefore, putting Contractors on the Bid List that will never be able to perform in the manner required for Project success is a total waste of both the Clients and Contractors energy (and time/money).
- Evaluating the Contractors bids and selecting the "right" Contractor. Way too often, this becomes a cost bidding process instead of a true evaluation of all of the factors that results in the selection of the "best" Contractor for

the Project. Most of these factors should revolve around finding the most qualified people on the Contractor's bid that can "get it done", not how cheap they are! This is why this phase of the project is not simply a Procurement exercise. Don't forget that the two largest expenditures on any project are the Equipment/Materials that are erected and the Construction labor that is required to do so. Engineering personnel and Project/Construction Management costs pale in comparison to the Equipment/Materials and Construction Labor costs, so why doesn't the Client evaluation concentrate more heavily on the personnel and processes that determine what the two largest expenditures are going to be? I have never been able to answer that question except to say that people spend time on issues that they are comfortable with and shy away from issues that they don't know that much about. Therefore, the PEC can be of great assistance to the Client here as they should be very knowledgeable on the inner workings of the Contractor's on the Bid List and should be able to guide the Client Project team through the personnel process that is required to obtain the "best" team for Project success.

## **Project Execution**

This is the largest portion of time of any project and, therefore there are several instances where the PEC can be utilized. Examples of these instances are:

- A facilitator in the Client/Contractor kick-off meeting. Surprisingly, this meeting is often skipped entirely or done superficially as it is not considered to be important in the overall process. Nothing could be further from the truth. In fact, I would argue that it is the most important meeting that is held during the entire Project timeline! This is the first time that the Client and Contractor leadership teams meet each other in earnest and it is critically important that this encounter is positive on both sides as they will be dealing with one another for a significant period of time. The PEC should have the capability to bring the two teams together for the common goal; a project that is on-time and within the funding budget. The Scope of Work and Schedule must be discussed in great detail and agreements on each team member's part in the Scope/Schedule must be made. The PEC should

ensure that the time spent on this activity is not cut short (as Engineers on both sides are anxious to get started; it is human nature) and all project members need to understand that they will be held accountable throughout the project lifetime for the promises that they make in this meeting, so they had better take whatever time in this meeting that is required to “get it right”.

- A monthly reviewer of the progress. Since the PEC was intimately involved in the Project Formation and detailed Project Scope and Schedule that was agreed to by both Client and Contractor, they can review the Project quickly and efficiently. The PEC is not a substitute for reviews from both the Client and Contractors Senior Management, but more of a detailed third-party review that can assist both sides without bias.
- A problem-solver when/if the need arises. No matter how qualified the Project team members are on both sides, including Senior Management on both sides, there are times when a Project starts to “go sideways”, and without help, will ultimately fail. While the PEC should be capable of forecasting this occurrence with enough time for Senior Management on either side to correct the deficiency, the PEC must be able to step in and “fix the problem” if required. There are lots of “consultants” that love to give advice and suggestions/recommendations, but are incapable of actually performing the activity themselves. PEC’s actually should have the capability to “get their hands dirty” and solve complicated issues that create roadblocks for project teams. Once solved, they should return to their oversight role. Project teams, and Senior Management, on both sides usually see the PEC as a “safety net” for their personnel and one that has only one concern and that is to make that Project successful, whatever it takes.
- An advisor to all of the Project team members, both professionally as well as personally. Sometimes, people need advice on how to handle certain situations that arise or just need to talk about their troubles. Usually, they don’t want to go to their boss as they feel that it will illustrate a weakness on their part, but they do need help. PEC’s that were experienced Senior Managers are well versed in providing this service as they have a perspective on how to “navigate the system” and can provide guidance to the individual or group that is in need.
- A mediator on any claims that arise at Project closeout. No matter how well a project is executed, there are many monetary claims that must be

resolved before a project is closed. In well executed projects, these claims are easily closed by the project team, but there are usually some claims that are “tricky” and needs experienced assistance to give both parties a fair resolution without litigation.

## **Summary**

Project execution is not easy. If it was so easy, then why are there so many failed projects that didn't meet their commitments? No matter how advanced computers get, how much education that professionals obtain, how many Processes and Contract Vehicles that companies develop to alleviate problems, Project Execution is a still largely a people issue. Companies that have all of the capabilities discussed above within their existing Organizational structure are blessed, but they are definitely in the minority. Most companies, both Clients and Contractors, continue to experience Project failures way too often and have tried several times to “fix the problem” without much success. Senior Managers are replaced over and over again, processes and procedures are enhanced, and computers are made faster. Does it get better? It does not. It is because Projection Execution is still a people issue and, more specifically, a knowledge issue (and this has always been the case). Senior personnel today have more education on People Management techniques, but they don't have the knowledge base or experience required to manage Projects. In most instances, it is not entirely their fault as they were rushed into these higher positions because of the void created by the retiring Senior personnel (that did possess this knowledge) that were either “pushed out” by Executive Management, or got tired of the bureaucracy, were financially secure and just went home. The newly nominated Senior people missed out on the “apprenticeship time” that is required to learn what really goes on during the life of a project and, more importantly, to experience the pitfalls that occur during a project and not repeat the same mistake on future work. As they say, there is no substitute for knowledge and knowledge is mostly gained through actual experience.

Companies must fill this Project Execution void in order to be more successful than they are today. This is not optional. It is a fact. It is because there are “basics” in business that still are required in order to be a leader of your respective industry and set you apart from your competition. Most companies are very capable of reducing overhead charges to a minimum, both in fixed assets as

well as personnel reductions. Additionally, most companies can meet diversity goals, re-structure their management staff and outsource certain functional tasks to cheaper countries. These types of actions are not really that difficult, no matter how many highly paid “Consultants” tell Executive Management teams that they are. Once you get finished with performing all of these cost-reducing items, you are still left with one task and that is to execute work to a level that makes you a bottom-line profit when you “run the numbers”. There is no way around it, no matter how you try. Plus, the amount of profit that you achieve usually is a direct function of how many “bad” project that you have. Most companies make money on some projects and then turn around and give it away on other projects. Only the elite companies have a track record of success without failure. They also just happen to be the most profitable companies. This is not a coincidence. If you want to be one of those companies, then get better at Project Execution. Sounds like an easy answer, doesn't it? Well, it is and it isn't. **It is** because there are Project Execution Consultants that, under the right conditions, are still willing to assist Companies that want to strive for an elite level of performance. Not just good performance; it has to be elite performance. This is because PEC's spent their entire career performing exceptional projects themselves, held themselves to a higher standard of excellence and will expect no less from others. **It isn't** because this commitment to project excellence is very hard and when it comes down to making ALL of the required modifications and sacrifices to get to this level, some companies will simply stop short because it is just too difficult. The decision is yours to make. There is no right answer here, however always remember that doing the same thing over and over again and expecting different results is the definition of insanity! This is especially relevant as it applies to Project Execution.