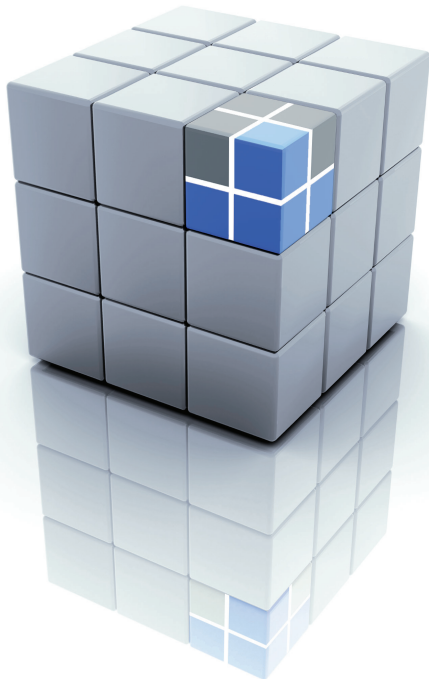




CREATING CONFIDENCE THROUGH PROJECT CONTROLS

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Andrew Hill
Project Controls Expo
13th November 2013



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Introduction

- Financial background
 - Chartered accountant
 - CFO for a number of transport businesses incl. Heathrow Airport
- Involved with Project Controls for 11 years commencing with start of T5 construction
- MD of LogiKal Projects for the last 4.5 years

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Who are LogiKal Projects?

- Consulting organisation
- Formed in 2002
- 90 consultants worldwide
- Dedicated focus on Project Controls from a solutions perspective
 - People
 - Process
 - System

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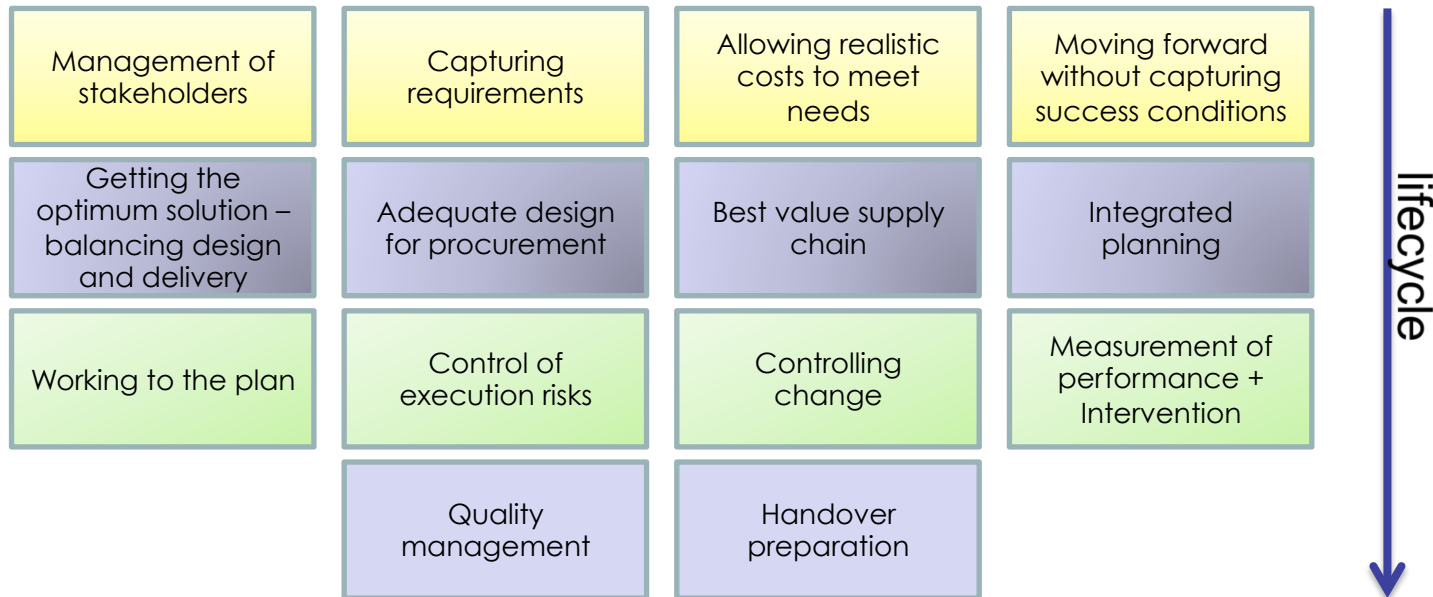


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The need for confidence



Too many projects fail
Poor management control is the biggest cause



To get the value out of a project
management control **MUST** be strong

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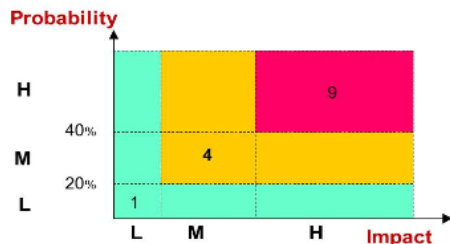
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Complexity = Risk & Uncertainty



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Risk Assessment Method



3 level schema – could also 5 level schema



- High level of innovation
- No experience of similar projects
- Non-aligned stakeholders
- Multiple parties involved
- Inherent uncertainties
- Rapidly changing environment
- Difficult project interfaces
- Complex dependencies
- Hard to measure progress

Understanding the risk too late!



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What creates confidence:

- Assurance on major risks:
 - Key risks understood
 - Mitigations in place / planned
- Having a credible plan which you believe
- Trusting the measurement of where things are
- Trusting in the capability of the management team to respond to problems
- Open performance culture



The criticality of CONFIDENCE

- Its absence holds up investment decisions and delays projects
 - Large project failures can threaten organisation existence
- Markets downgrade companies if they are not confident in outcomes for big projects
- People get fired – discontinuity in management which doesn't always improve things
- Lack of confidence in management execution leads to excessive 'help' and oversight
 - Leading to more focus on oversight than delivery
- The VALUE of confidence is massive

Project Controls and CONFIDENCE



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- They tell you where you are:
 - Essential tool when you have complexity – IFR vs. VFR
- They provide a basis for performance management and action
- These things build confidence PROVIDED:
 - Data is produced from a reliable model
 - The data is trusted and acted upon

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Some thoughts on a good model

- It takes time to reach maturity
 - Take realistic steps and build
 - Invest properly to match the value
- Make the business case
 - Building capability is a project in its own right
- This is profession – let the leaders stand alongside other professionals – status and commitment
- Enlist help from other functions
 - Getting Finance on board is often the most important breakthrough
 - They love performance management
 - Influence on top stakeholders
 - Visibility of reporting



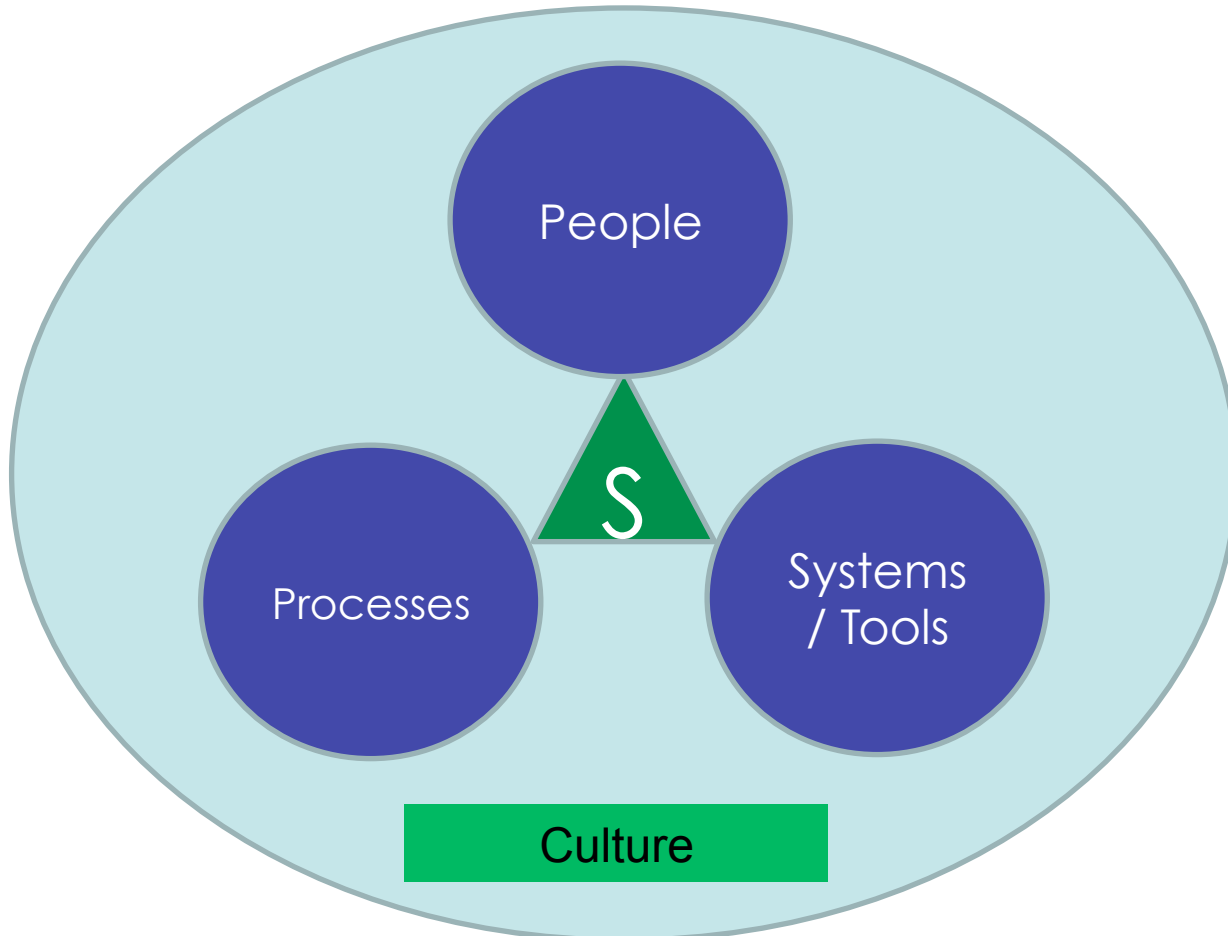
The Good News!!

- The value of Project Controls solutions is being recognised in UK
- Mega projects have been / are using it successfully to
 - Increase confidence
 - Implement and improve performance
 - Set the expectation for future control
- More organisations are starting to realise the strategic importance of good project control
 - Clients – to improve outcomes
 - Contractors – to win strategic advantage / improve profits / reduce project failures
- Big opportunities exist now

What makes a great solution?

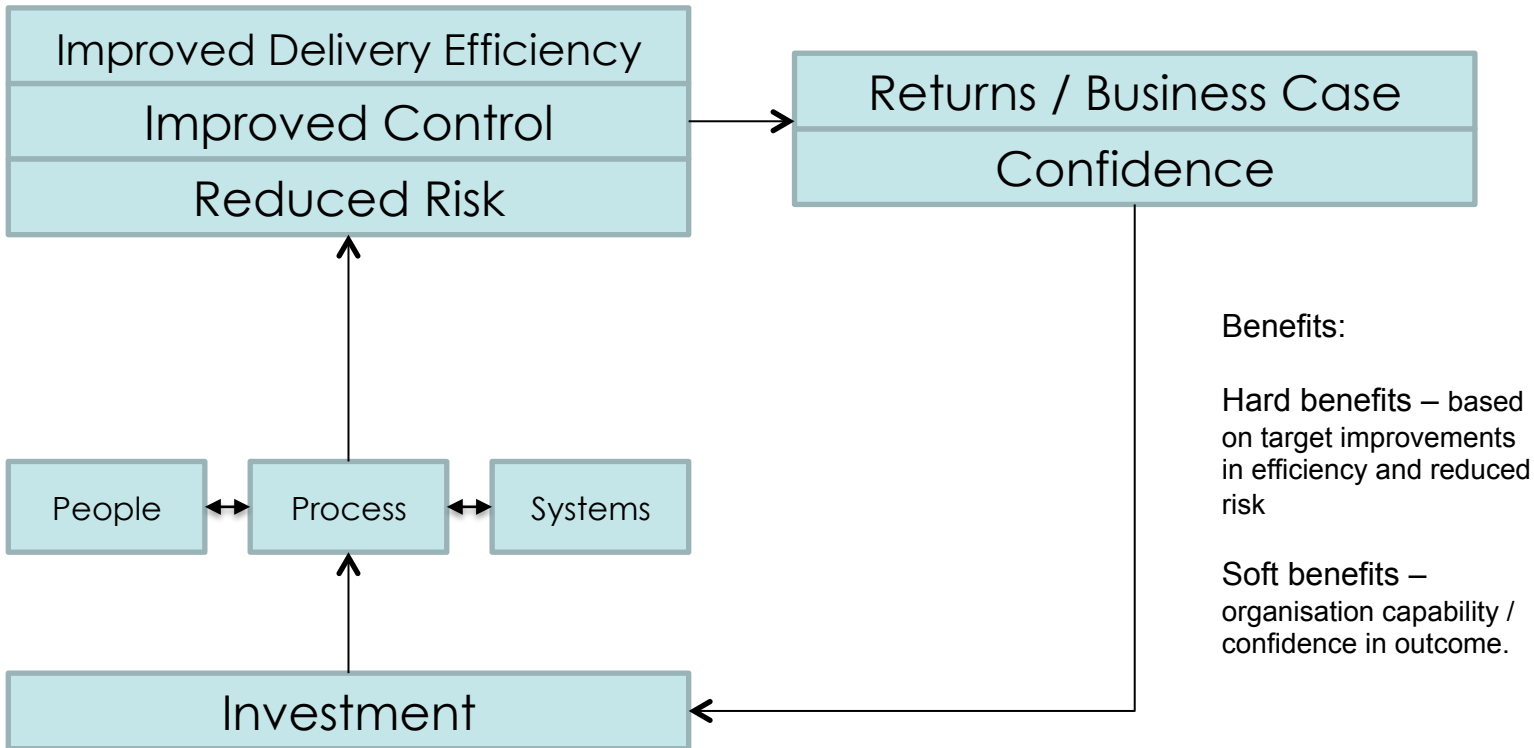


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Investing in a Project Controls solution



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Soft benefits can be huge –
the value of:



- **Knowing where you are** with projects / portfolios – reliable measurement – cannot manage effectively that which is not measured
- **Forecast reliably**
- **Ability to intervene early** – earlier problem identification enables meaningful intervention
- **Managing to a plan**
- **Improved confidence** – coming from knowing that management processes are operating effectively

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The People Dimension



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Leadership

- A strong individual who believes in the importance of project controls
- Will fight for it and influence others
- Sets realistic goals and expectations
- Elevates the status of Project Controls professionals
 - Attracts good people
 - Trains and inspires them

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Team



- Attract top talent
- Blend the skills
 - Technical
 - Non-technical – communication and influencing skills often outweigh technical capability
- Develop a *Competency Framework* – use it as a basis for developing the capability
- Recognise status of the professionals
- DON'T:
 - Use low grade project managers / engineers
 - Expect to buy in resource without properly integrating it into your management

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The Process Dimension



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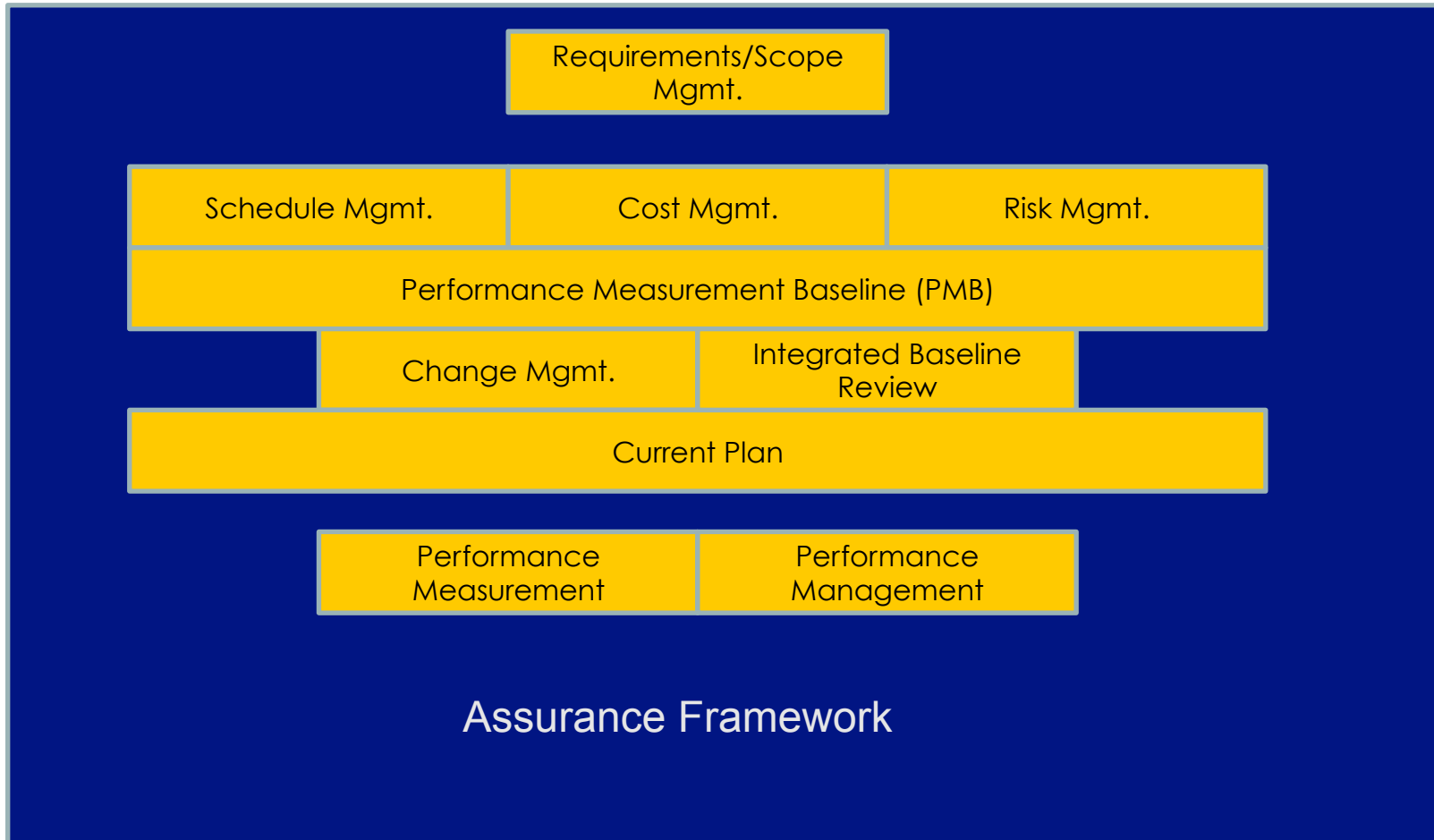
Processes

- Project Controls is about operating good processes effectively
 - Good, workable processes are key
- Integration of processes needed to ensure all dimensions of the project work together
 - Test the logic flows in theory and in practice
- Training
- Monitoring compliance / Assurance

Getting the right processes



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The Systems Dimension

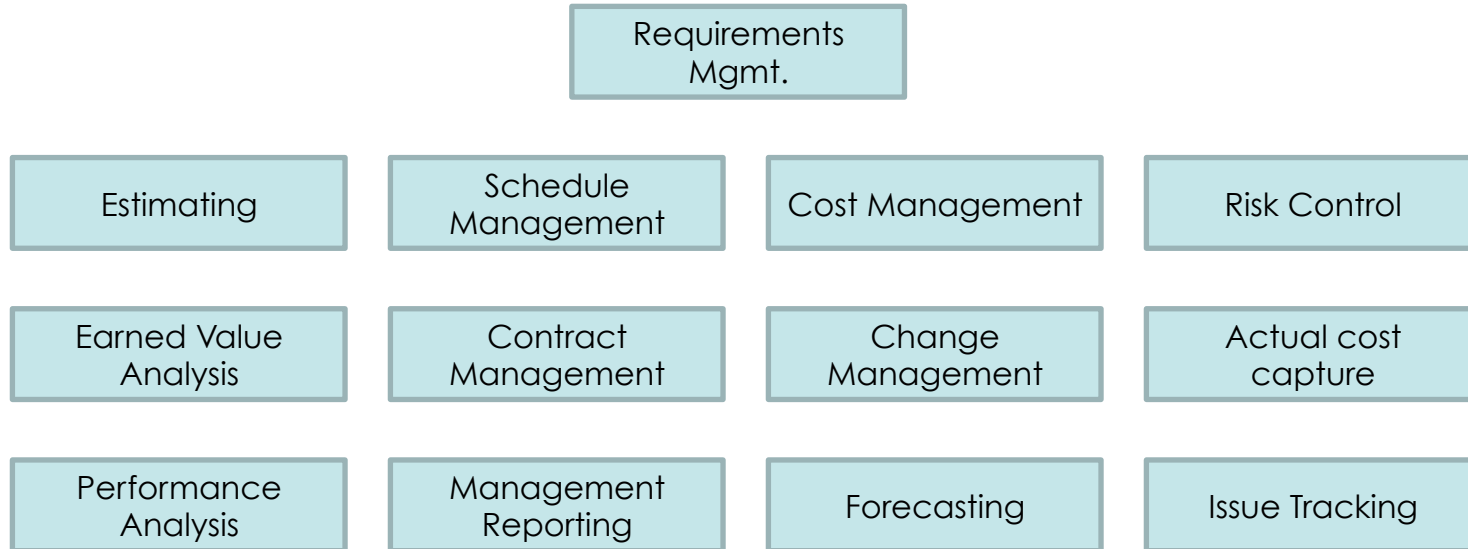


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Systems



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Project Control Systems

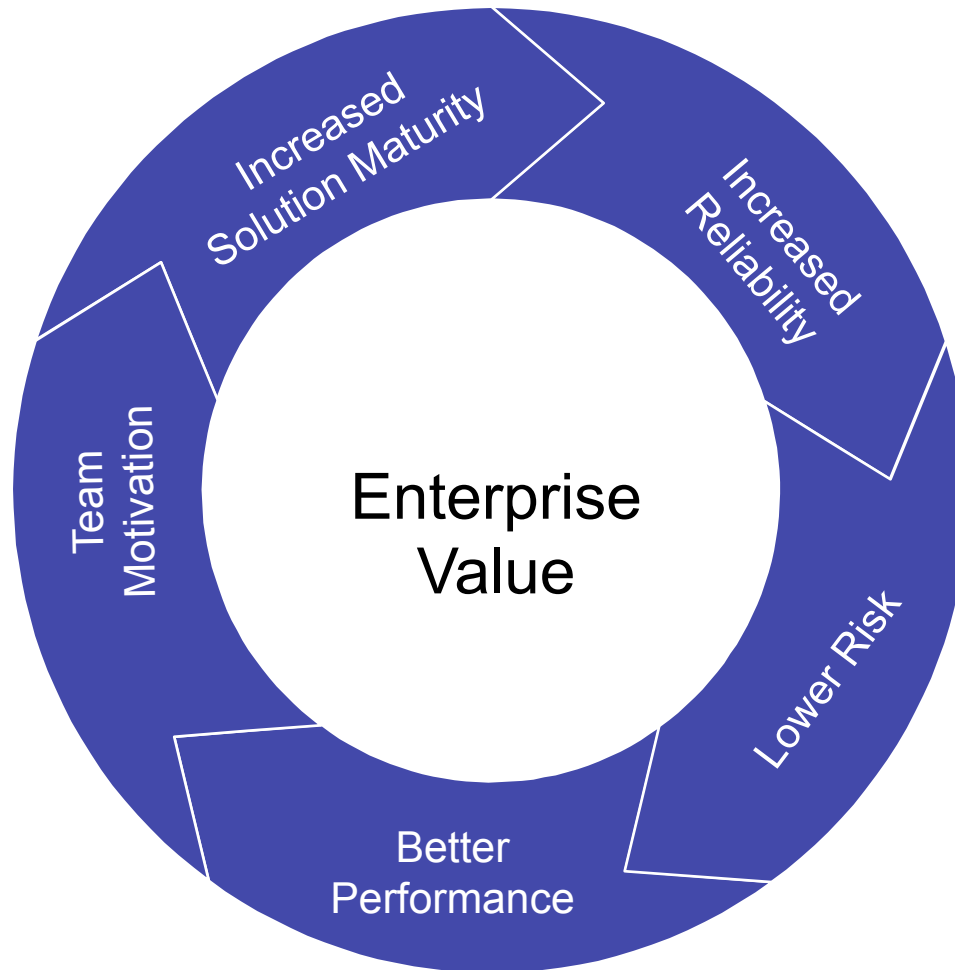
- Systems are servants of the process – not the other way around
- Fit systems around a well designed solution
 - Critical to get 'buy in' to the model
- ALIGN CODING !!!
- Data model
 - Invest properly in designing the data model
 - Integrity of data is everything – its absence destroys confidence
- Integrate the tools around the operating solution
- Don't think you are saving money when using Excel !



The Value of a Great Solution Virtuous Circle



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What is the reality?

Survey

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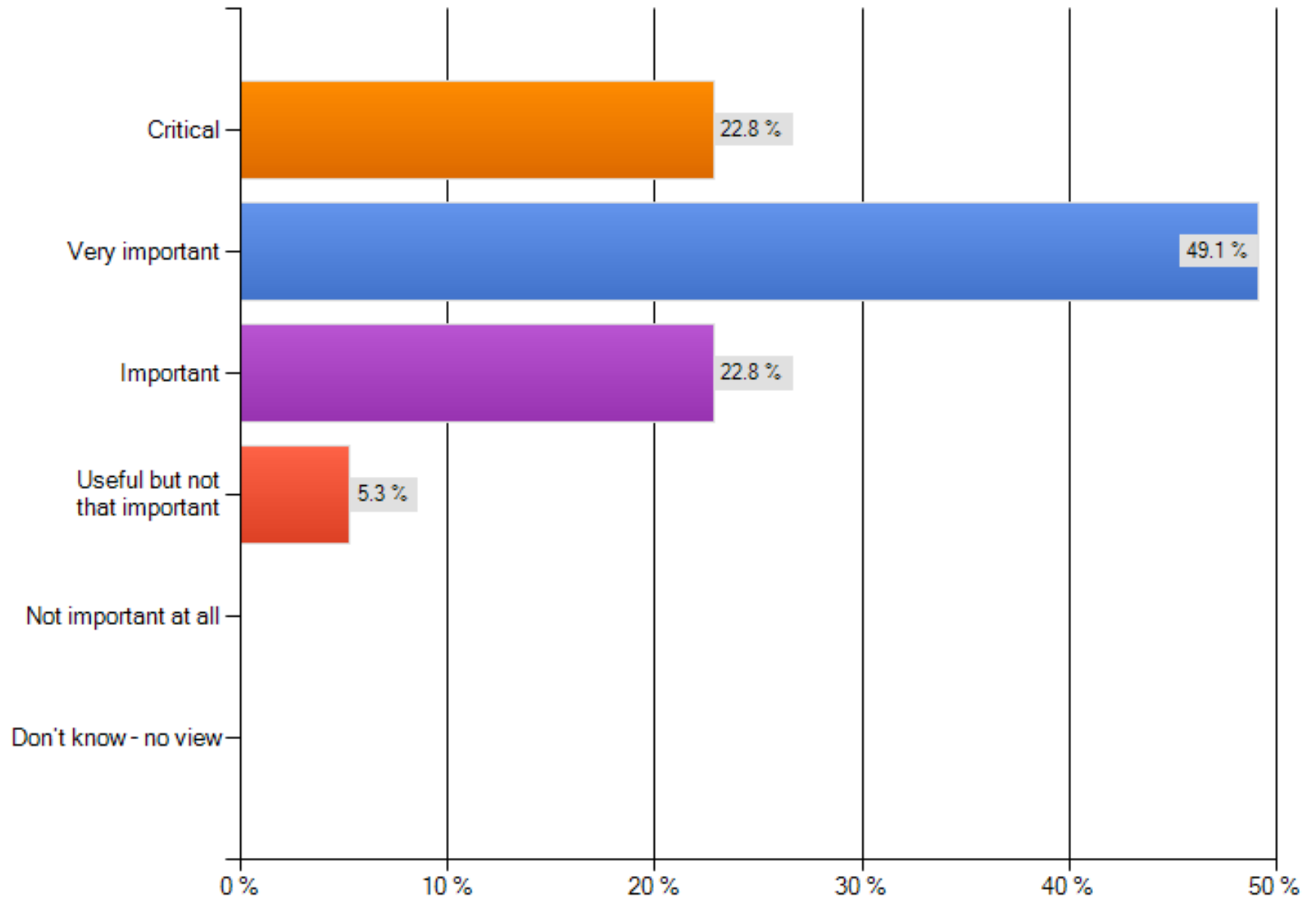


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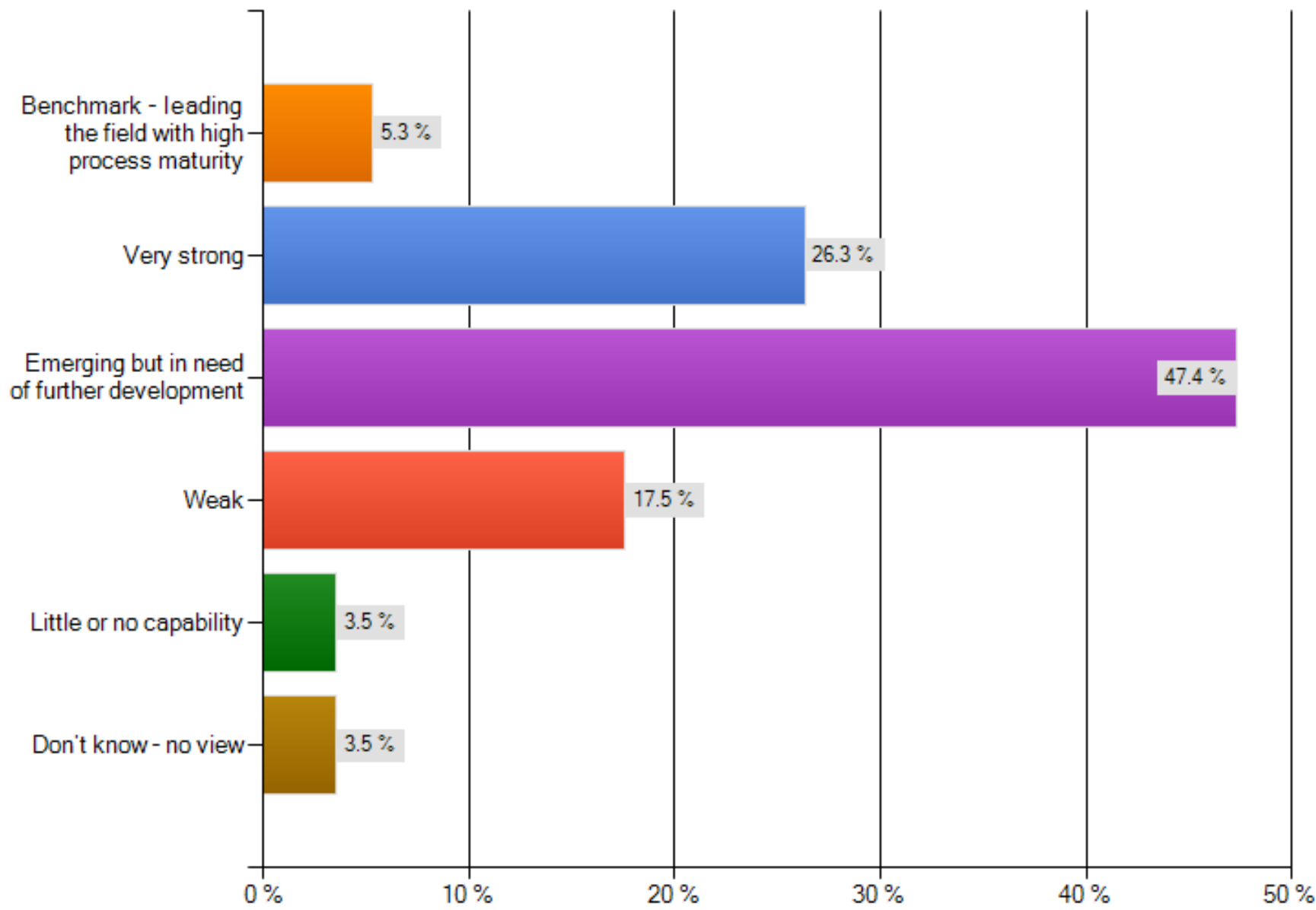


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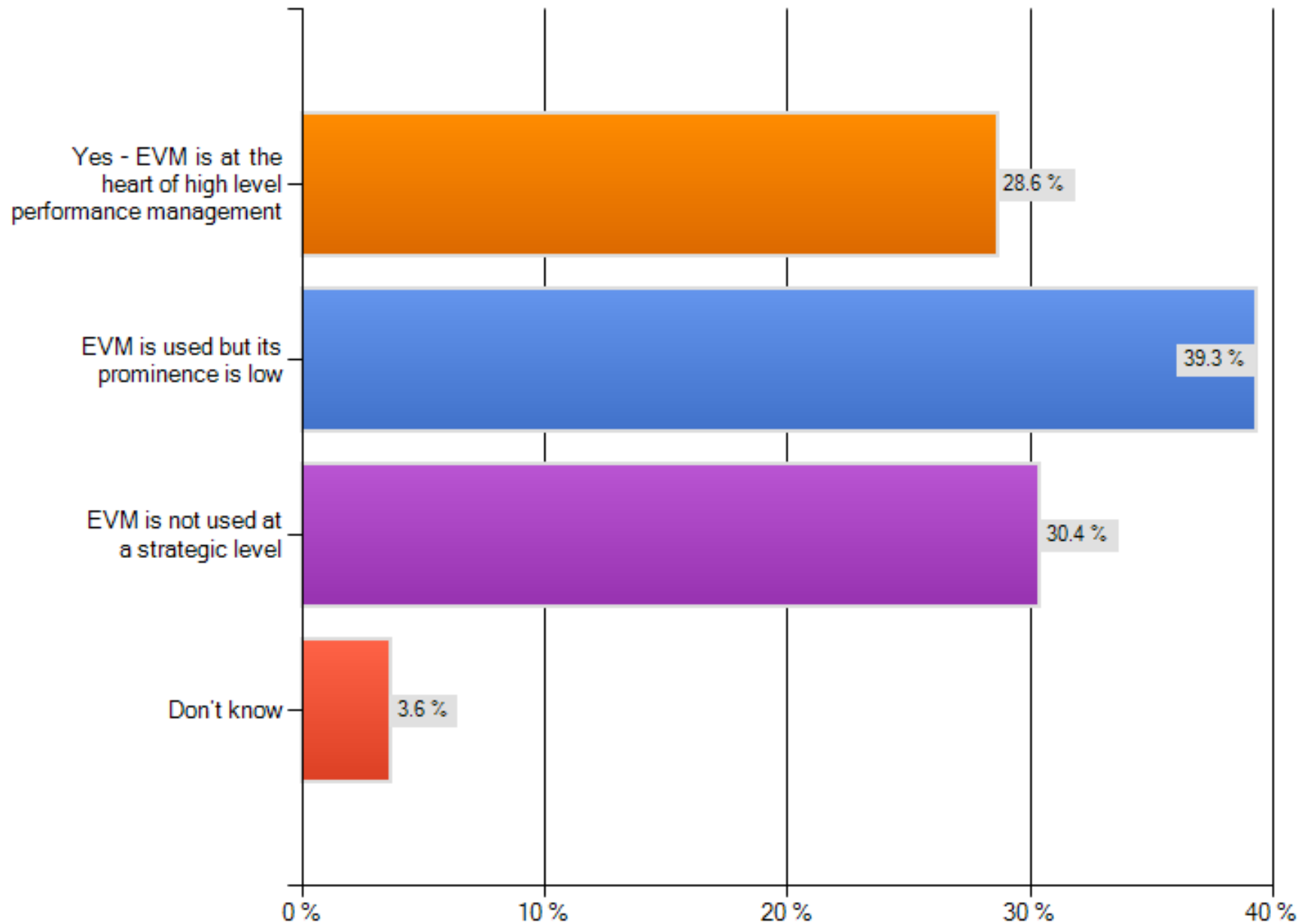
Do you believe that capability in Earned Value Management is critical to the success of the organisation(s) you work for / with?



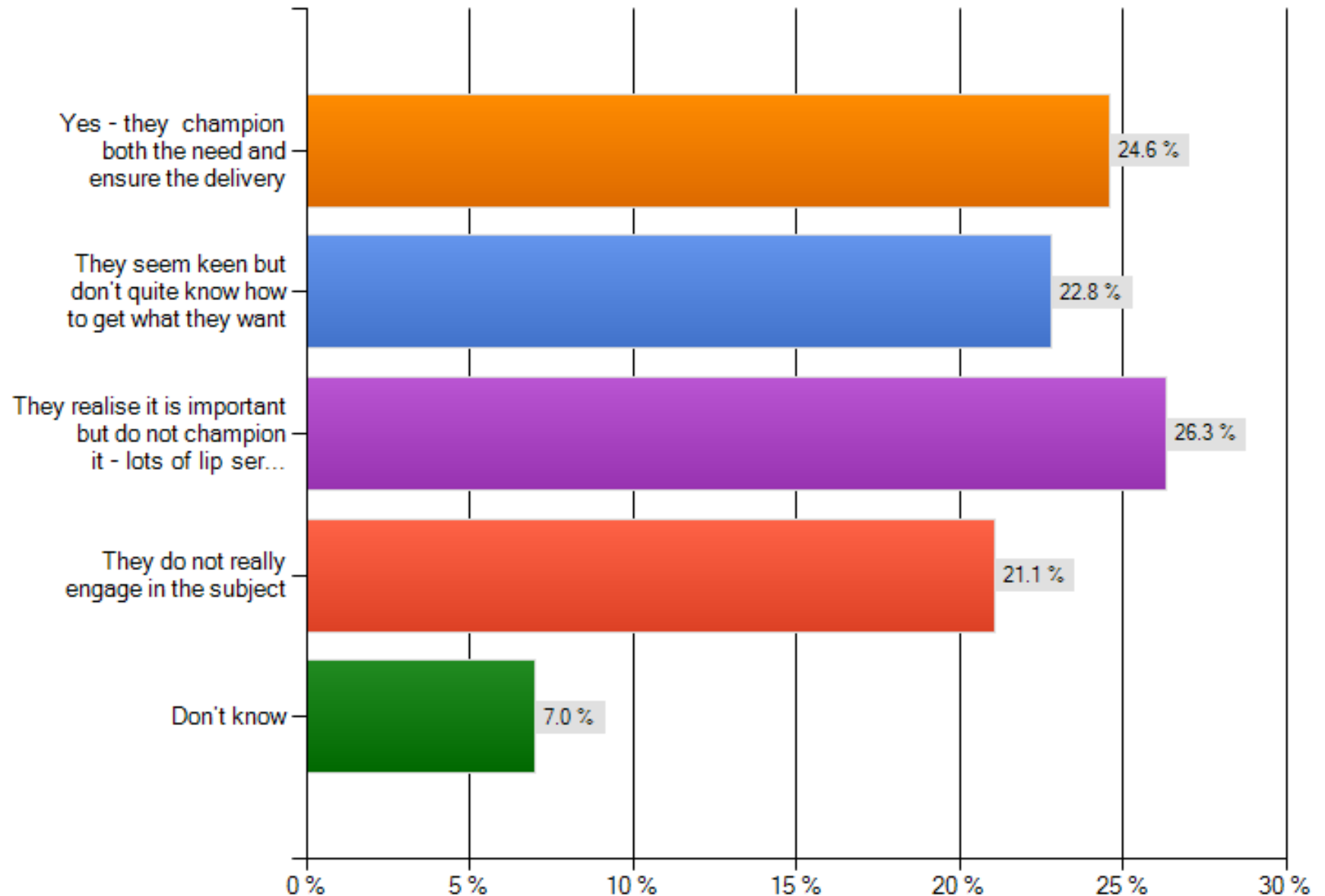
How do you rate your current level of capability in relation to the need for EVM in the organisation(s) you work for / with?



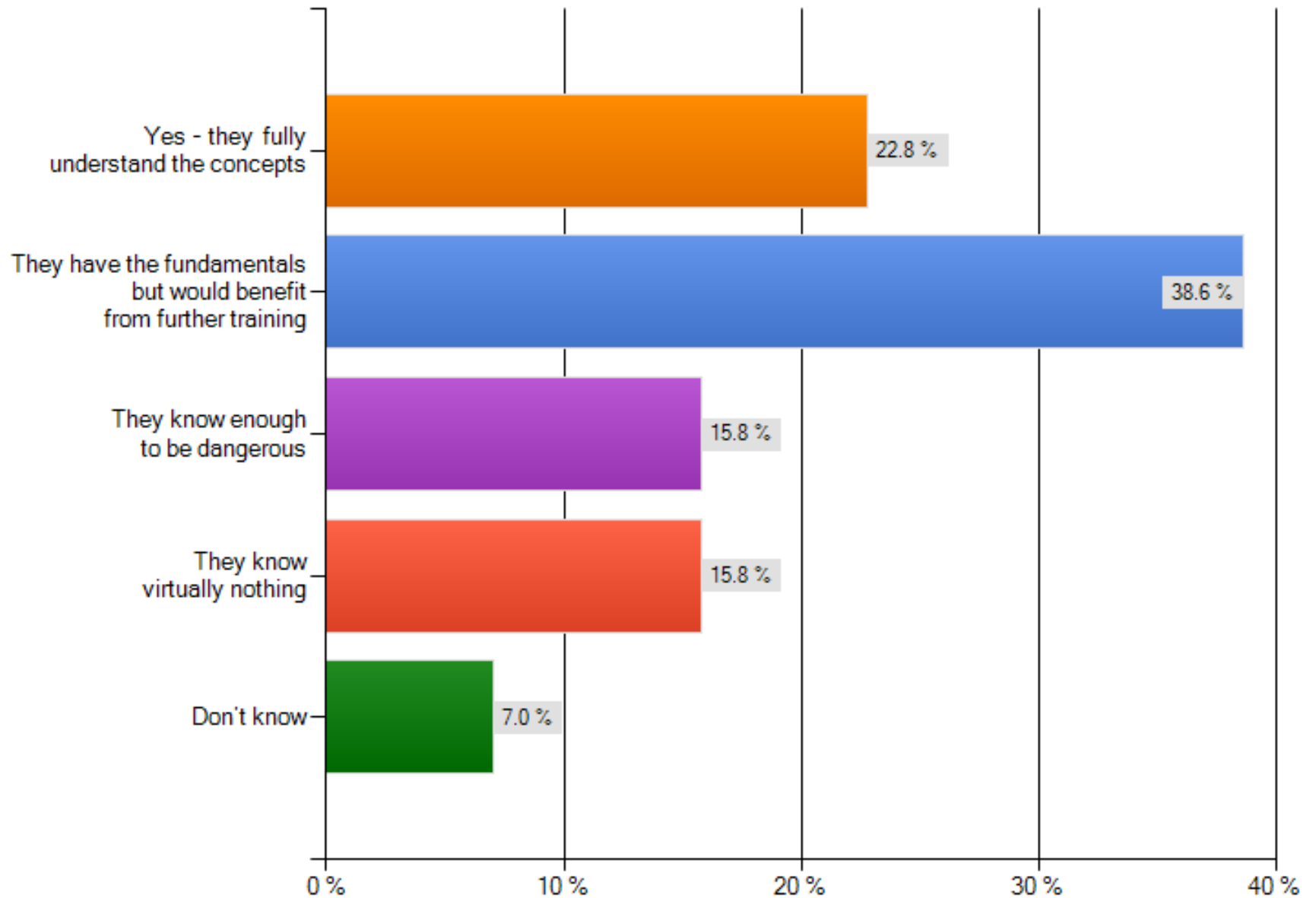
Is EVM used at a strategic level in the organisation (s) you work for / with?



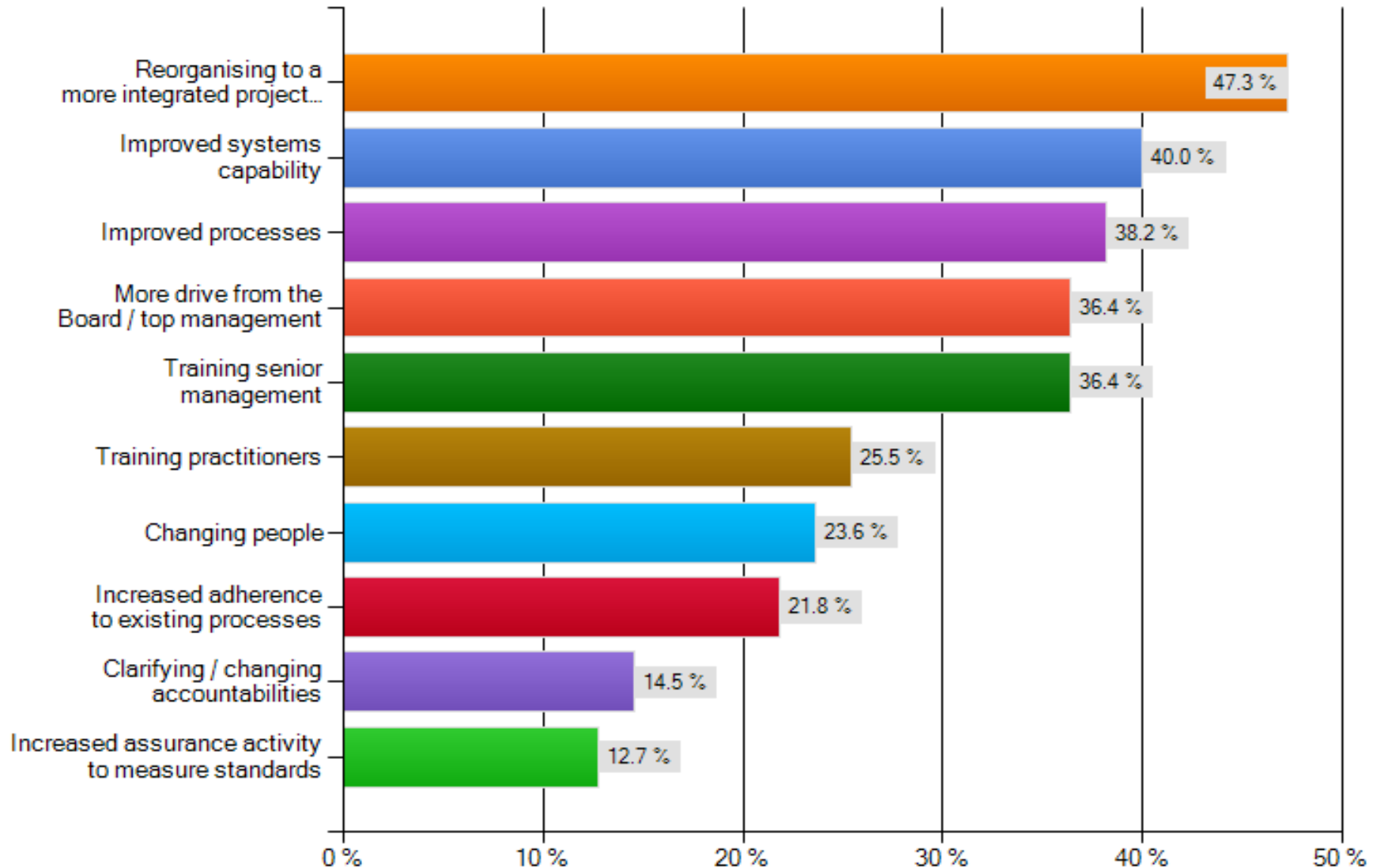
Does the Board level management in the organisation(s) you work with / for demand EVM processes are followed?



Does the Board level management in the organisation (s) you work with / for understand EVM?



Which are the top 3 things which you believe will improve EVM capability in the organisation(s) you work for / with:



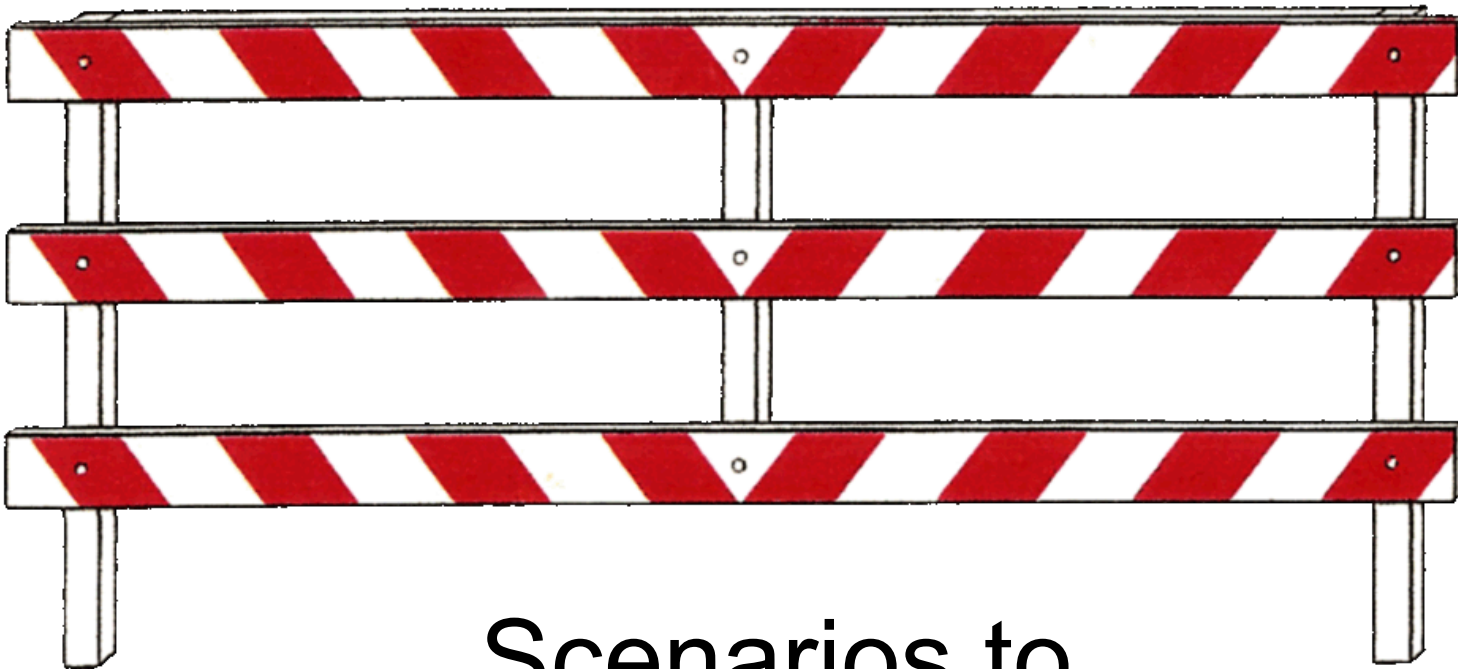
BUT.....

- Many organisations to whom this is important fail to achieve high levels of solution maturity



Yet it is there for the taking!

What gets in the way?



Scenarios to avoid!

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Example one: Enthusiastic lip service



Scenario

- Senior management want to improve control environment
- Enthusiasm for using dashboard / EV measures at senior level
- Fail to invest in the level of capability change needed at operating level
- Solution is not mature and suboptimal in value

Underlying causes

- Lack of investment funds
- Don't understand requirements
- Organisations culture reluctant to accept the change.



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Example two: Disconnected Function



Scenario

- Enthusiastic team in the organisation pushing project controls agenda
- Struggling to get recognition and support
- Function lacks authority in the organisation

Underlying causes

- Competing management priorities – absence of leadership
- Lack of understanding / differing views on value of controls
- Turf wars with related functions
- Communication



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Example four

All you need is ~~love~~ Excel



Scenario

- Simplistic tools created rapidly
- Data handling is unreliable
- Poor integration with key management systems
- Demotivated team
- Weak control

Underlying causes

- Rush to do things quickly
- Familiarity with the software
- Implementation cost

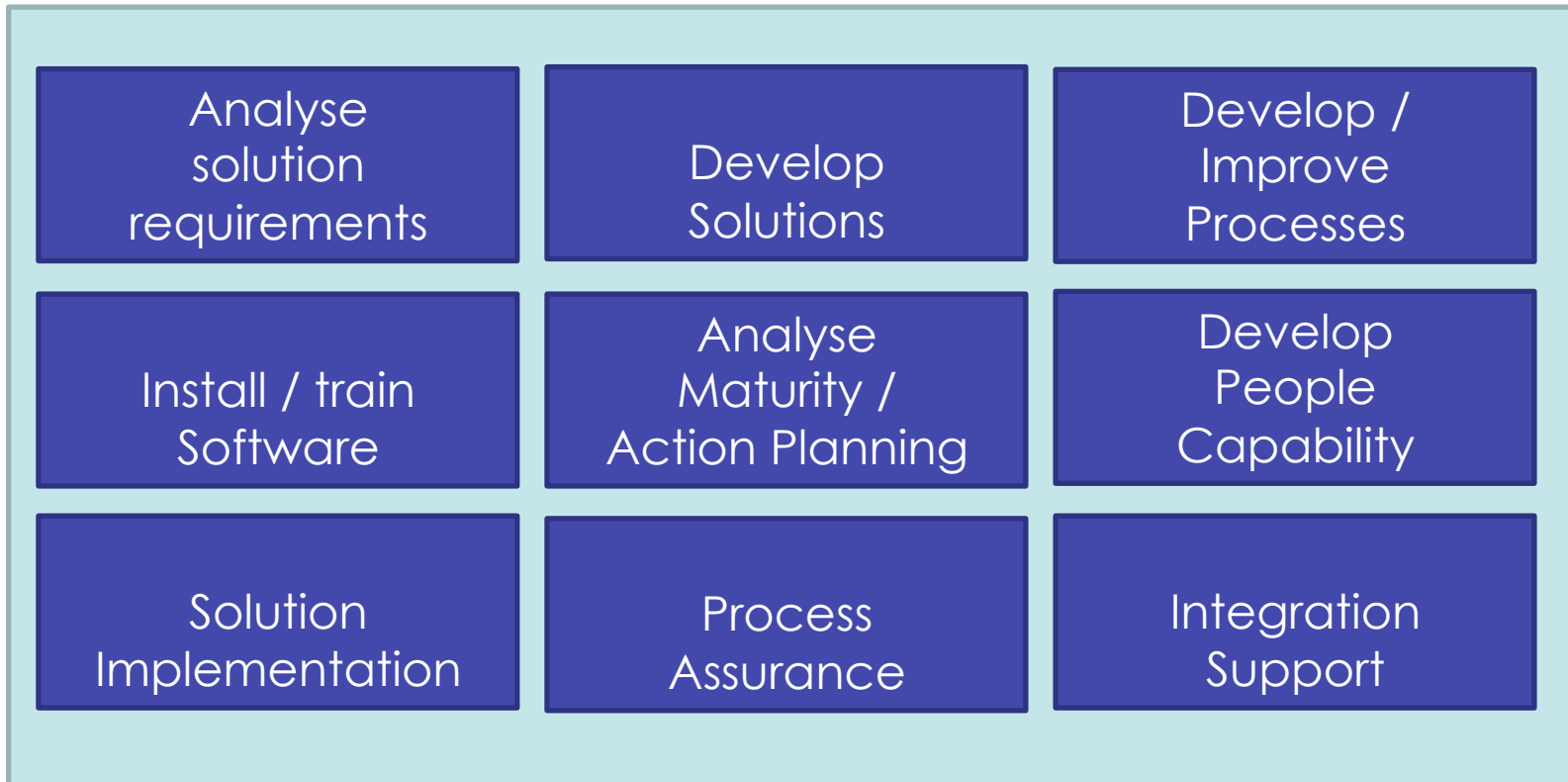


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Where help may be needed



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Summary

- Confidence is critical
- A sound project controls system is a key factor in getting confident in managing outcomes
- Trends are strongly favourable
- A good solution needs investment
 - Ensure you have strong leadership
 - Build over time
 - Consider all the dimensions
 - Assurance and compliance
- Returns can be excellent
- Lots of pitfalls to be aware of and avoid



If you would like to talk please call



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