

Project Controls Expo – 14th November 2018

Emirates Arsenal Stadium, London

**The Integration of Project Controls into the
Finance Function**

About the Speaker

Mark Galbraith MBA, Stockpile Business Controller
& Head of Profession (Project Controls), AWE Plc.



- Electrical Engineering Background
- 23 years in Project Controls and Business Management
- Defence and Civil Nuclear sectors

About the Topic



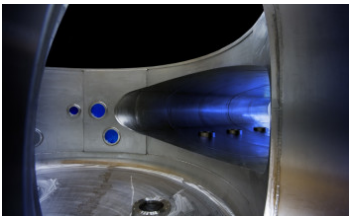
A real case study about...

Harnessing the power of finance and project controls as a combined organisation

About the Topic

The presentation takes you on the journey from recognising the need to form a combined Finance and Business Management (Project Controls) Organisation; through what has been implemented over the last 5 years and on to a look at the challenges ahead.....

About AWE



- ❑ Deliver nuclear warheads for the UK's deterrent, and use our expertise to support national security
- ❑ In existence since the early 1950s
- ❑ Predominantly operate two sites
- ❑ Contractorised under GOCO in 1995
- ❑ Customer MoD/DNO (OGD + others)
- ❑ From 2000 – AWEML - 25 year M&O contract
- ❑ Joint Venture between Lockheed Martin, Jacobs Engineering and Serco
- ❑ AWE Plc. – day to day management of the M&O contract and Operating Licence Holder



AWE hits the headlines....



News > Business > Business News

Decision delayed on running of troubled atomic weapons sites

The Atomic Weapons Establishment has seen cost overruns and delays to projects such as the £634m Project Pegasus

Nuclear contract may be scrapped



Top secret: Atomic Weapons Establishment facility in Aldermaston, Berkshire (Tony Harris/PA)

A 25-YEAR CONTRACT to manage Britain's nuclear weapons stockpile may be torn up by the government amid spiralling costs and overruns.

Concerns are mounting over poor performance on a series of key contracts at the Atomic Weapons Establishment (AWE), the top-secret nuclear research and warhead manufacturer at Aldermaston, Berkshire.

Trident factory upgrades costs double original budget

f t Share



AWE builds the UK's Trident submarine warheads at its sites in Aldermaston and Burghfield

GETTY IMAGES

An upgrade of the UK's Trident warhead factory has cost double its budget - and it is expected to take more than two further years to complete.

...early 2014



Customers crisis of confidence



- ❑ Performance in the delivery of some of the largest, most complex nuclear projects was not meeting established baselines for cost & schedule.
 - Governance was inadequate to recognise initial cost & schedule risks
- ❑ Failure to establish an integrated approach to component delivery created a lack of clarity of true demand.
 - Lack of an integrated programme
 - Multiple internal delivery dates causing confusion and not aligning to the overall needs of the business
- ❑ Ineffective key control processes hampered key management information availability and quality.

AWE's Response...the 'transformation plan'

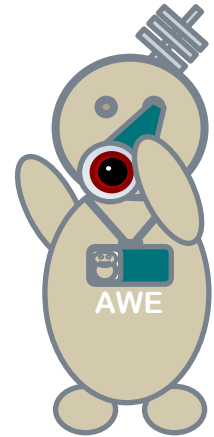
Corporately :

- Improved corporate governance.
- Up skilling in programme management expertise.
- More robust financial and programme control environment established.
- Modernised Contract – Qualifying Defence Contract – Defence Reform Act 2014 & Single Source Regulations.
- Centralised Programme Management Office (PMO)

AWE's Response...the 'transformation plan'

Forming the Finance & Business Management Organisation :

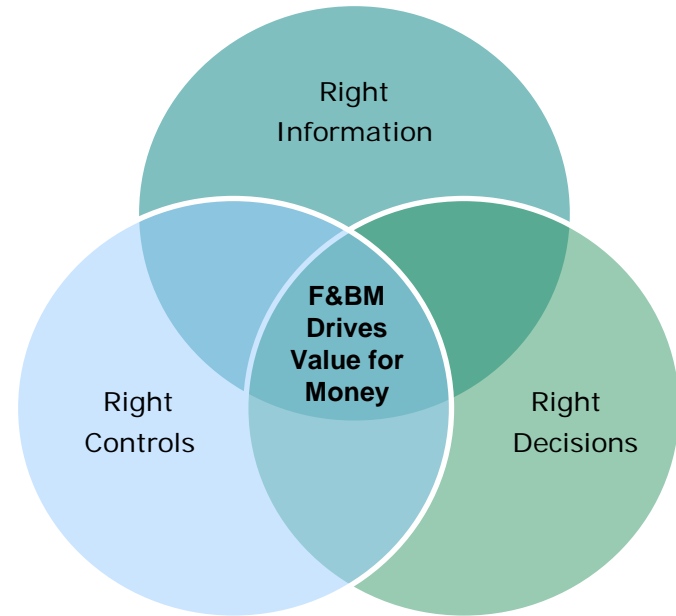
- Adapting Lockheed Martin 'business operations' model
- Bringing together finance and project controls functions
- Embedded BUT independent from project delivery teams
- Improved MI – data driven – utilising Earned Value Management
- Baselined Programme – the PMB - 'ONE' version of the truth..
- Culture shift – transparency / no surprises



AWE's response...re-establishing some basics

□ F&BM Vision :

to be seen as an engaged and trusted team...



□ F&BM Purpose :

right information, right controls, enabling the right decisions...



What...needed doing?



What we do..

**Service
Catalogue**

How we do it..

Processes

Who does what..

**Role &
Position
Profiles**

**Competency
Framework**

*What we need to keep
under control..*

**Control
Framework**

**Key
Performance
Indicators**

*How we're organised to
deliver it..*

**Organisation
Design**

*What we need to be
good at..*

*How we know whether we're
good at it..*

How...the 'Hot House'

- Group of SME's from all related sub-functions
 - Project Controls
 - Finance
 - Supply Chain
 - Commercial

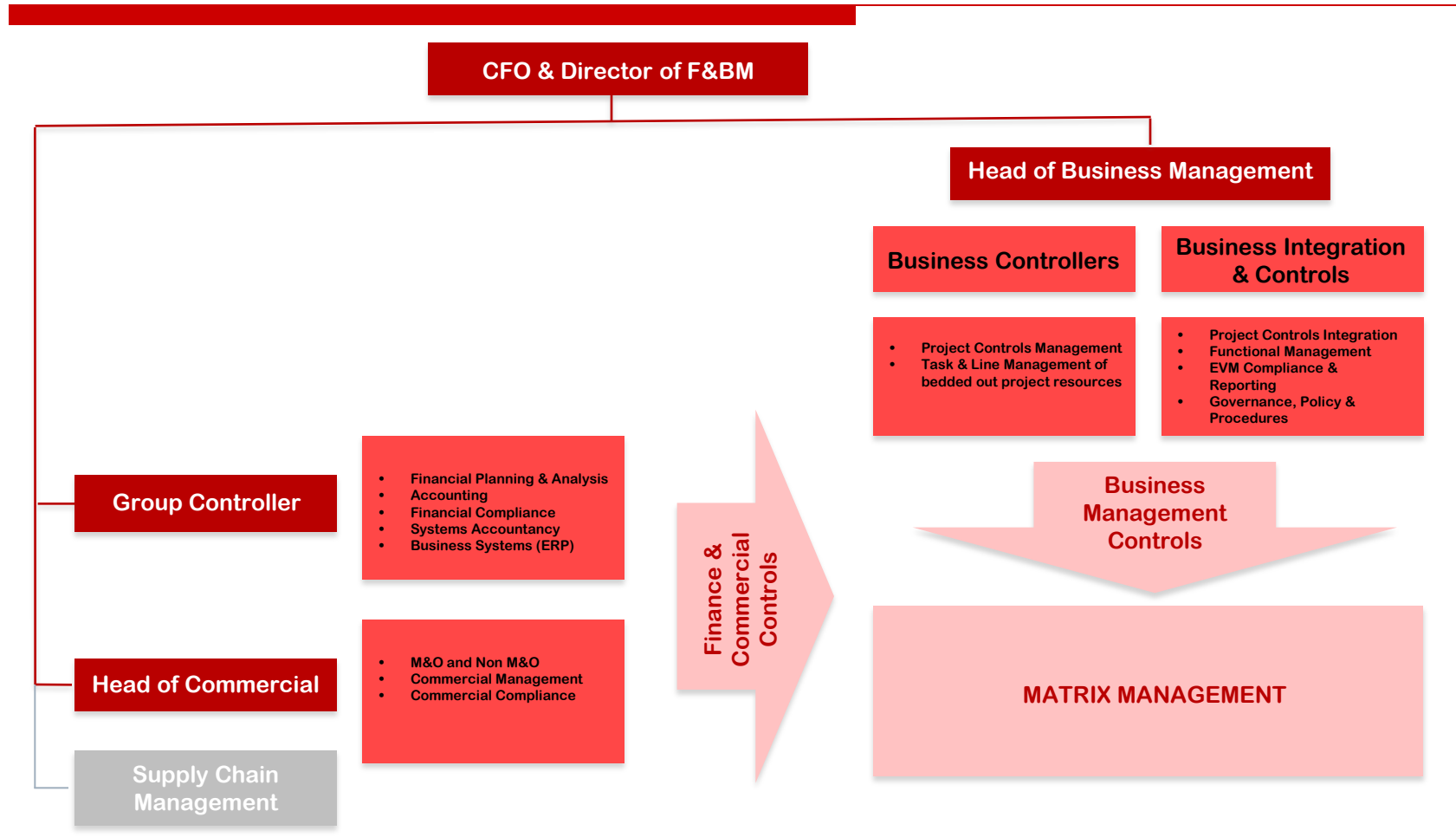
- Intensive 3 months : off-site : facilitated by Consultants
 - Operating Model
 - Service Catalogue
 - Processes & Process Controls
 - Demand Sizing, Job Descriptions & Role Profiles
 - Competency Framework

- Formed the basis for the new Organisation

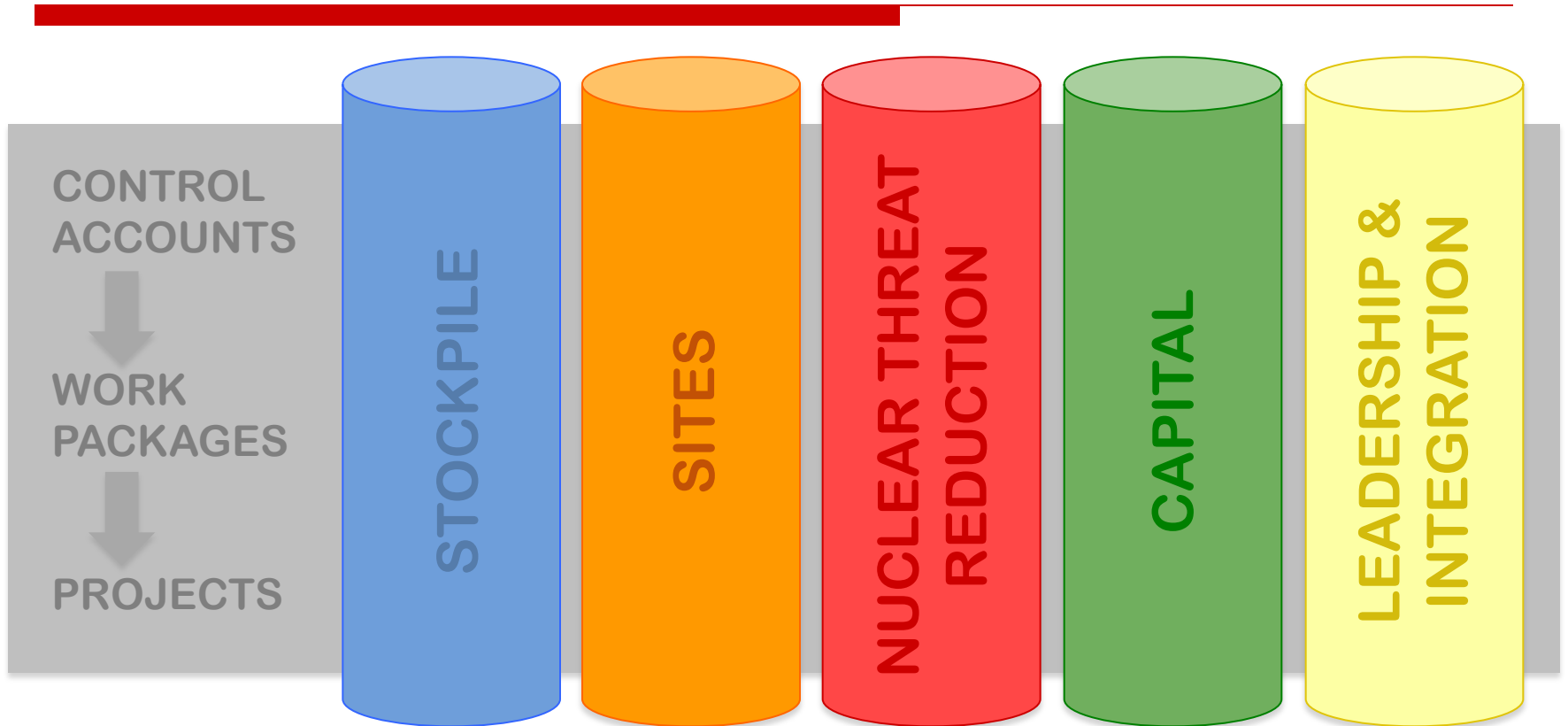


..but it was just the start..!

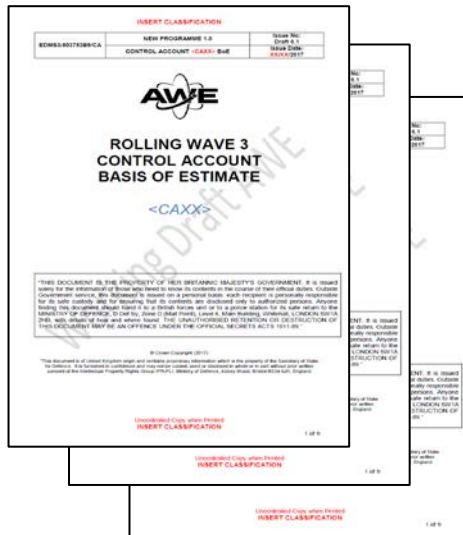
F&BM Operating Model



5 Pillar Contract Structure



Contract Artefacts



- Statement of Work (SoW)
- IMP / IMS
- Basis of Estimate (BoE)
- Basis of Schedule (BoS)
- Master Data & Assumptions (MDAL)
- Risks & Opportunities

Governance Framework

- Performance Measurement utilising Earned Value
- Programme Performance Management System (PPMS)
- CAM101 training
- Work Authorisation
- Baseline Management – Change Control
- Integrated Surveillance Reviews
- EVM Compliance and Reporting

SOx

- Effective framework of internal controls
- Documented evidence of controls being performed
- Regular testing and sign-off both internally & externally

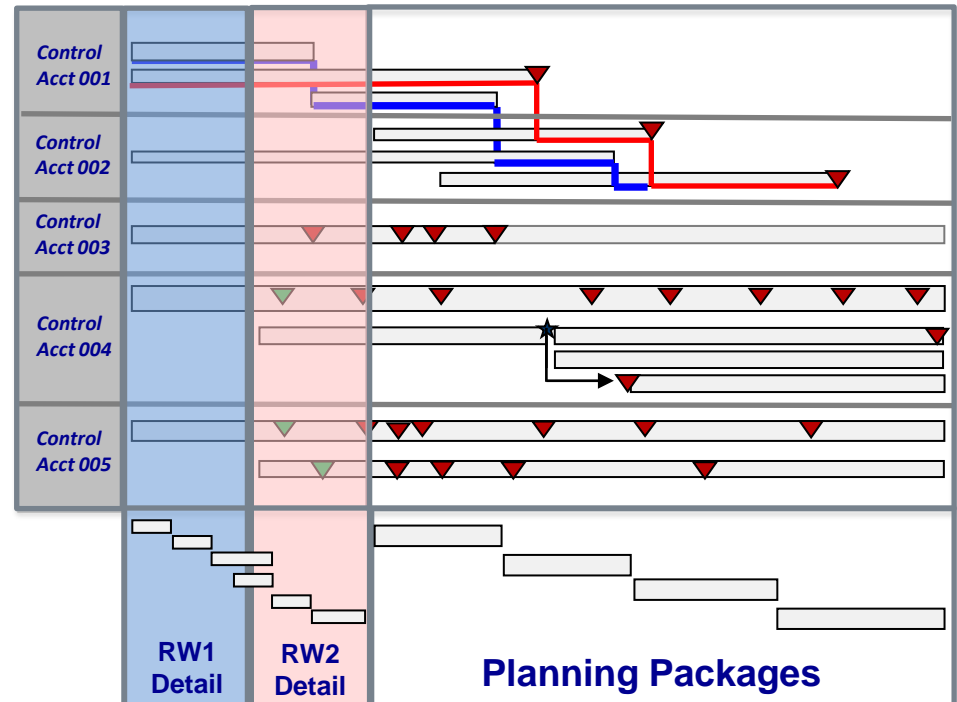
BENEFITS

- Enforced strong control environment
- More reliable financial information
- Reduced risk of errors or irregularities



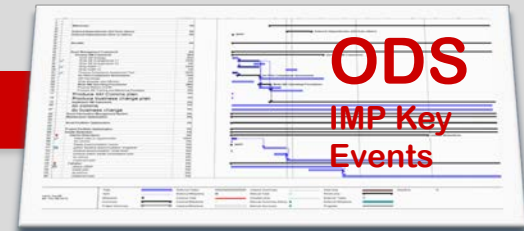
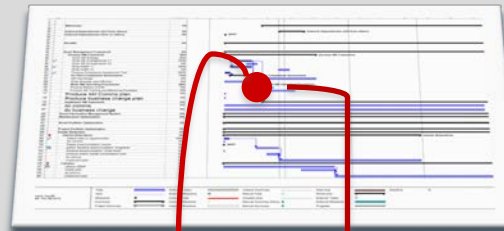
Rolling Wave Planning

- ❑ Rolling wave approach
- ❑ Typically next year in detail
- ❑ Subsequent years mix of detail and planning packages
- ❑ Currently refreshed each year

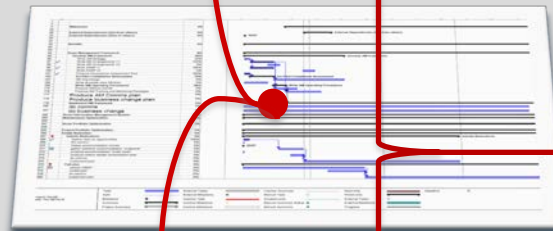


Overall Programme Baseline IMP/IMS

Level 3 M&O
Programme PMB

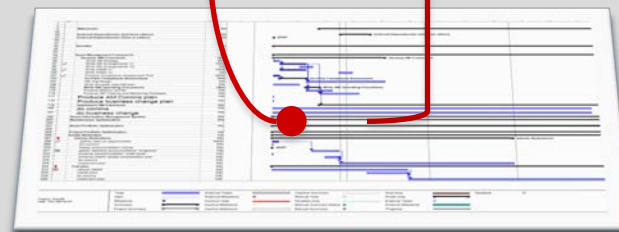


Level 4
Supplemental
Schedules



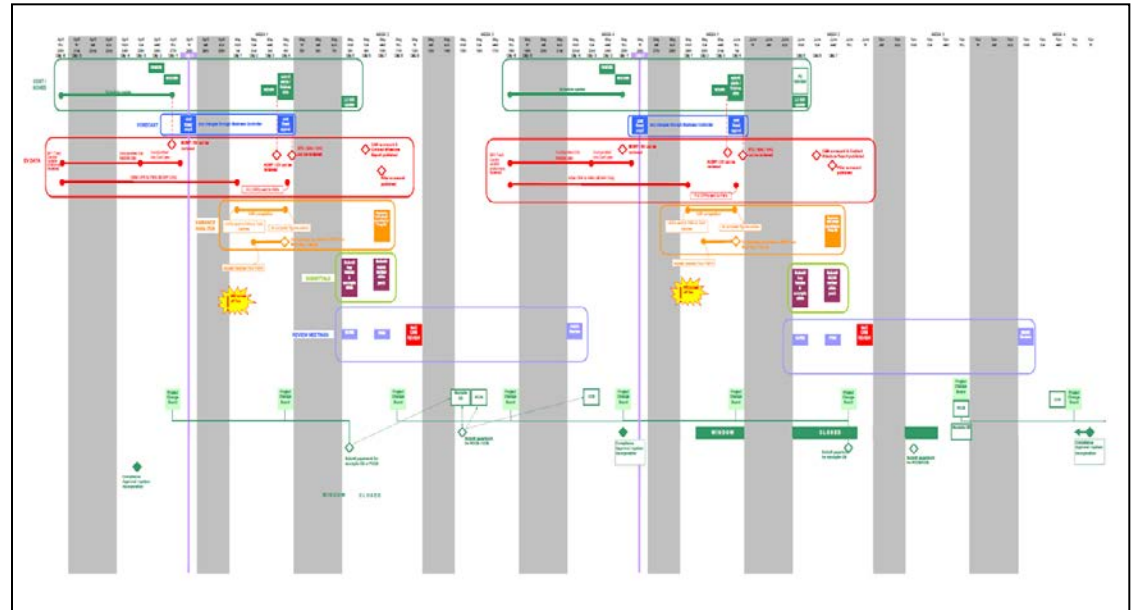
Line of Sight

Level 5+
Detailed Schedules
(e.g. supplier)



Business Rhythm

- Well established
- Standardised performance review meetings
- Standardised reporting packs
- Data 'direct from the system'
- Includes customer reviews

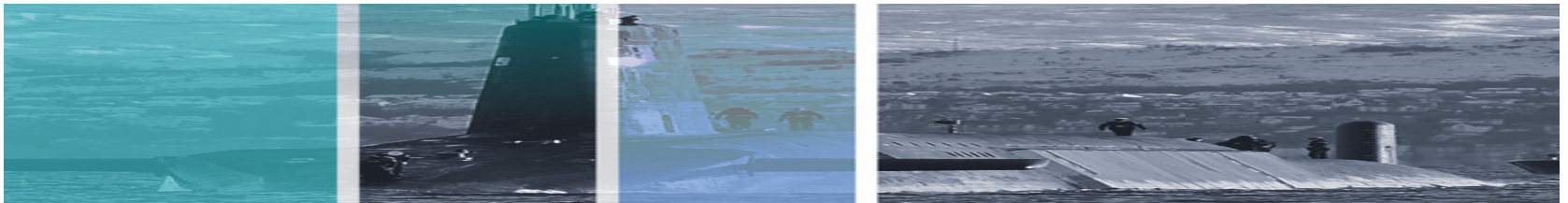


Where are we now..key highlights

	2014	2015	2016	2017	2018
PROGRAMME BASELINE	<p>✘ Multiple, inconsistent, unintegrated, independent or non-existent</p>	<p>+ Single integrated baseline, based around common control account WBS, covering most of the programme</p>	<p>+ Single integrated baseline covering all of the programme</p>		<p>★ Operational Delivery Schedule linking Key Events introduced</p>
BUSINESS RHYTHM & PERFORMANCE REPORTING	<p>✘ Multiple inconsistent applications, no single source of the truth, no overall performance review</p>	<p>★ Company wide integrated single business rhythm incl. CAM, Exec & Customer reviews</p>	<p>EVMS IMPLEMENTED (incl. Work Authorisation & Change Control)</p>	<p>ANNUAL ISRs (monitor compliance and share best practices)</p>	<p>SUPPLY CHAIN MANAGEMENT Incorporated</p>
SARBANES-OXLEY COMPLIANCE	<p>✘ No SoX, although had internal controls that were externally audited</p>		<p>+ Partial SoX compliance</p>	<p>★ Full SoX compliance</p>	<p>MODERNISED CONTRACT</p>

The Challenge Ahead

- Coaching role to 'commercialise' AWE's thinking
- New ERP system
- Update project controls toolset
- 'One F&BM' - boundaryless
- Continue building internal capability



AWEsome Job Opportunities



If you're looking for an exciting career in an organisation that is ambitious, innovative and developing world class capability.....

We're looking for you !

Planners

Cost Engineers

Commercial Managers

Supply Chain Professionals



AWEsome Job Opportunities



Visit us at Skills London 2018

The UK's biggest jobs and careers event!

Skills London is the UK's biggest jobs and careers event for 15-24 year olds and their families, taking place on **23 & 24 November 2018** at ExCeL London.

? Questions ?

 mark.galbraith@awe.co.uk

 [@markrgalbraith](https://twitter.com/markrgalbraith)