

# How Project Management Can Avoid Project Failures



Ir. Faizal Abdullah Sanusi

A successful project is primarily defined as a project that meets its:

1. Budget.
  2. Completion date.
  3. Intended purpose which comprises the detailed scope.
- In addition, the following criteria recently have also become a factor of project success:
4. Safety KPIs.
  5. Stakeholder's satisfaction.

Ir. Faizal A. Sanusi, supported by Engr. Kanagasingham Kanapathy Pillai, delivered a two-hour talk on 14 January 2017. PMTD Deputy Chairan Ir. Vincent Wong chaired the session which was attended by 86 participants.

Both Ir. Faizal, currently Advisor to the Project Management Technical Division (PMTD), and Engr. Kanagasingham, are oil and gas industry veterans; they each have more than 25 years of working experience.

Ir. Faizal qualified the presentation as a perspective of the Project Owner and the project management tools presented was from his own experiences and observations. Projects having the following attributes will be highly sensitive to project failure:

- High value – subjective, depending to size of owner's business.
- Long term – i.e. long schedule duration in excess of 3 years.
- Complex projects – involving emerging or new technologies, not conventional or typical in design, construction or installation.

The talk revolved around two main project phases, i.e. Pre-Award and Post-Award and applicable project management tools.

	PRE-AWARD	POST-AWARD
<b>OWNER</b>	Poor Schedule Planning	Poor Monitoring of Project Progress
	Poor Cost Planning	Reactive vs. Proactive Management
	Inadequate Organisation	Interference by Owner
	Lack of Project Definition	Poor Supervision of Works Quality
	Bad Selection of Contractor	
<b>CONTRACTOR</b>		Incompetent Key Staff
		Poor site Coordination
		Poor Execution Planning
		Poor Sub Contractor Management

## 1. Pre-Award Phase

### 1.1 Poor Schedule Planning

Poor schedule planning can lead to an unrealistic project completion date which, in turn, can lead to a host of problems which can affect strategic decision making.

Some project management tools suggested to be employed at this stage are:

- Comprehensive Work Breakdown Schedule (WBS).
- Use Of Good Duration Estimation Methodology; Use Industry Benchmarks/Expert Advise.
- Identify Schedule Risks And Perform Schedule Probabilistic Analysis; Contingency Determination.

In generating the project schedule, the other essential parts in this "project modeling" are establishment of logics and relationships between the activities to determine the critical path.

### 1.2 Poor Cost Planning

- Comprehensive Cost Breakdown Schedule (CBS).
- Use Of Good Cost Estimation Methodology; Use Industry Benchmarks/Expert Advise.
- Identify Cost Risks And Perform Cost Probabilistic Analysis; Contingency Determination.

### 1.3 Inadequate Organisation

Inadequate organisation has negative implications: Loss of project direction, inappropriate prioritisation, teamwork degradation, motivation loss. To counter these issues, Ir. Faizal offered the following.

- Organisational Design Concept: Conventional, matrix, Sufficiency of expertise & skills; Chain of command; Well Defined Roles & Responsibilities.
- Responsibility & Liability – Design/Construction/Commissioning Phases.

### 1.4 Lack of Project Definition

An exhaustive and iterative process to evolve the project to a mature level to accurately determine the budget and schedule that affects decision-making of the project (i.e. approved or shelved).

### 1.5 Bad Selection of Contractor

Selecting a capable contractor to deliver the project optimally, hence, establishment of an effective evaluation criteria.

Criteria examples:

- Financial statements.
- Current Projects/Contracts.
- Project Implementation Plan.
- Method Statements for specific works.

- Level 1 and preliminary Level 2 Schedules.
- Proposed Organisation Chart.

## 2. Post-Award Phase

Post-Award failures can arise from either the Project Owner or the Contractor. While the Contractor is the responsible party to realise the project physically, the Project Owner has the strategic view of the project and is responsible for the performance of the Contractor in delivering the project.

At this phase, the relationship between Project Owner and Contractor should be that of a partnership as opposed to a master-servient type.

### 2.1 Project Owner Originated Issues

Monitoring the Contractor's planning, progress and quality of works and administering the contract is the primary objective of the Project Owner at the post-award stage. At this stage, the following project management tools are presented:

- Progress measurement.
- VOWD measurement.
- Project planning and scheduling software.
- Meaningful project reports.

Other tools that can be exercised:

- Performing quality checks by the Project Owner (to avoid potential delays arising from rectification of defective works).
- Diligent use of the contract administration process to avoid "interference by the Project Owner" which can result in a variation order.

### 2.2 Contractor Originated Issues

Some of the issues discussed were:

- Conflicting priorities with the project objectives that may supersede expenditure of long term benefits.
- Inadequate competent and qualified personnel.
- Poor planning of site works; plans needs to be continuously executed, monitored, and adjusted.
- The challenge for different workforces to work as a cohesive team.

In conclusion, preventing project failures or conversely increasing project success can be met by implementing project management tools across the value chain of the project lifecycle, which is predominantly by the Project Owner. Notwithstanding this, the Contractor also needs to have good project management grounding to be effective in physically delivering the project. ■

### Author's Bio data

*Mr. Faizal Abdullah Sanusi is advisor of the Project Management Technical Division in IEM. He had served the committee for the past 10 years, including as its Chairman.*

*He began his career 30 years ago. He has experience in the Oil & Gas and Building Industries and has provided training to PETRONAS Management Training Institute (PERMATA), I&P, Gamuda and ENCORP property developers as well as the Royal Malaysian Navy.*