What to Do When Projects Go Bad, Part 3

by Bill Spragins, Brian Dwyer and Ed Lee

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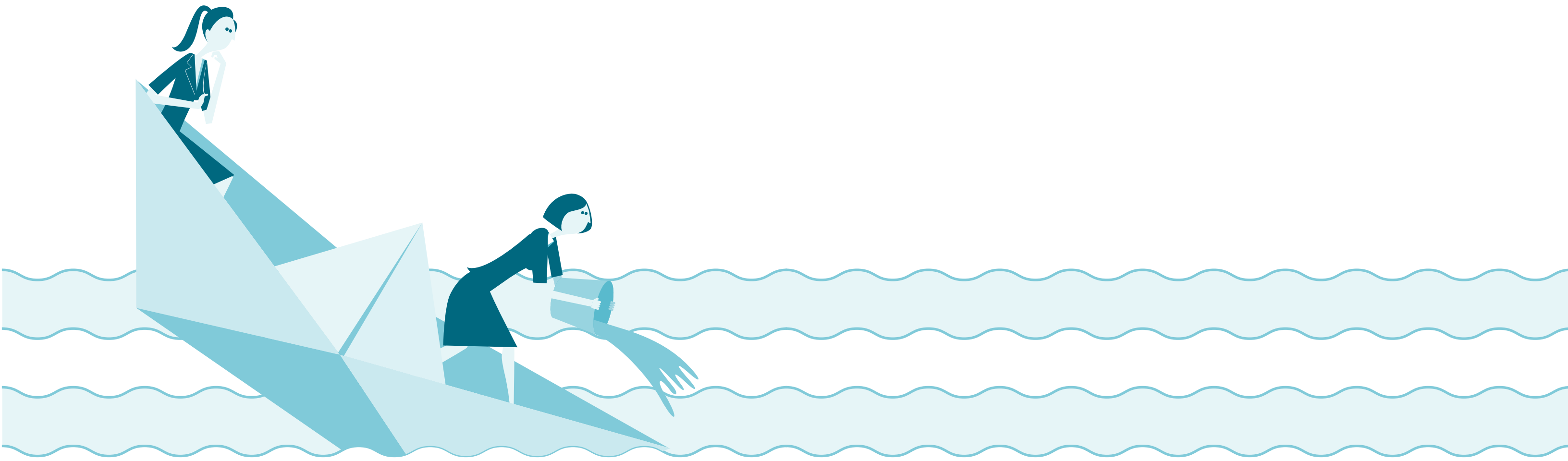


Five ways to right the ship when a project takes a wrong turn.

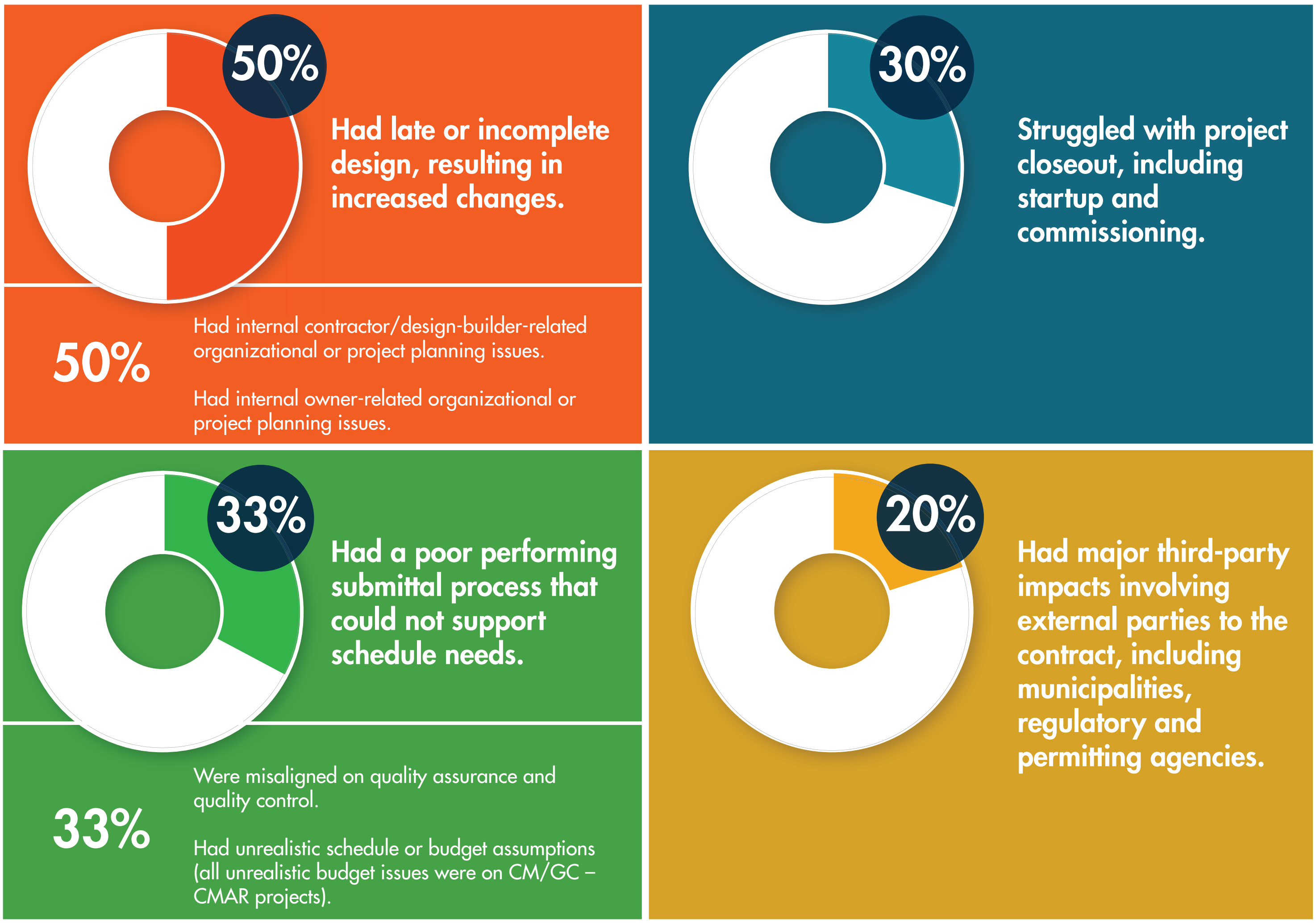
Construction isn't an easy business, and things can get especially prickly when a bad decision, a misstep or lack of communication negatively impacts a project outcome. In this three-part series, we explore some of the key issues that contractors, architects/engineers and owners encounter on their projects, explain what causes these problems, highlight the red flags that all companies should be aware of, and outline key steps that firms can take to avoid making the same mistakes on future projects.

In this final segment, we provide a practical framework for executives to work through the key issues impacting a project while also allowing project staff to focus their energies on completing the project.

Five Ways to Right the Ship

In Part II of this article series, we outlined some of the main causal factors associated with stressed projects, as revealed in FMI's recent assessment (see Exhibit 1). For projects that have experienced one or more of those causal factors, there may be interest in bringing on neutral outside assistance to help with the turnaround efforts. The causes of stressed projects are numerous and varied, and as such, there is no one-size-fits-all approach to recovery.

Exhibit 1. Key Causal Factors Leading to Stressed Projects



Source: FMI Partnering Project Database

Additionally, reasonable objectives must be set for the facilitated assistance that is being inserted in the midst of a very reactive situation. Outside assistance will not create Disney World out of a previously dysfunctional environment, but it should help refocus the team and create more positive energy toward project completion goals. Before launching any rehabilitation effort, there are five preliminary steps that must take place to set the stage for improvement. They are:

1. Off-site executives must face the reality that some of the project objectives originally set forth cannot be met and commit to conducting business in a more productive fashion. In most cases, admittance comes after most project staff level members have long given up hope of achieving any of the objectives. Analyzing what will happen if "we just stay the course" is crucial in getting commitment.

2. Analyze the on-site project team and determine whether key project leaders or discipline leads are salvageable, or if they should be dismissed from the project and replaced with more collaborative thinkers. A few rotten apples will spoil the entire basket. On-site leadership must be committed to taking differing viewpoints, and the team must be reset for any type of partnering effort to be effective.

3. Analyze how the various levels of management across the organizations are communicating and resolving issues—do any adjustments need to be made of the various communication peer levels? Is the first level of off-site executives across the organizations communicating on a regular basis and giving proper direction? Are these executives setting expectations for how the on-site project managers should be working together?

4. The executive level must bear the burden of bringing disputes surrounding cost and schedule to a timely resolution. Therefore, it should analyze existing disputes, issues and/or claims and then determine which will be assigned to a core group of senior managers for resolution (or sent to mediation/arbitration or other alternative dispute resolution options). It is important to divorce these key disputes from the path forward effort, lest they continue to drag down the team.

5. If brainstorming on the schedule has been exhausted, and if the original schedule is still impossible, discussions should begin on a new substantial completion date with interim milestones (possibly involving incentives). Ignore this step when liquidated damages are still in play and the various organizations will simply build cases for the rest of the project (instead of focusing on project completion). The team's health depends on everyone's ability to focus on what he or she can control and not on the unresolved disputes that have been carved out for senior personnel.

Prior to any session, key on-site project leaders and off-site executives must be interviewed to determine the critical issues, understand the organizations and personnel, and discuss progress on the preliminary steps above. From there, group sessions can be initiated.

Leveraging Collaborative Sessions

Once the above steps have been completed, and depending on the criticality of the project situation, monthly sessions may be necessary. On-site senior project leaders and off-site executives should attend these sessions. Expect to participate in two or three executive-level sessions to gather the essential elements to lead the team for the duration of the project.

After these initial sessions, present the plan to the wider project staff team while maintaining regularly scheduled follow-up sessions at the executive level. The overriding guiding values should include being held accountable, managing by fact and improving what you measure. Here's a good framework for developing and orchestrating each session.

Step One: The Initial Session

While an exchange of expectations between the organizations is appropriate at the outset of any project, it is critically important for stressed projects, because it provides a forum for the team to diplomatically air grievances on what everyone should do to right the ship. Key issues that should be addressed and assigned actions typically develop from such discussions.

Showing visible momentum on these key issues helps teams gain confidence in their problem-solving abilities. Establish an issue escalation process and protocol to ensure that the problem doesn't repeat itself. This escalation should clearly identify cross-organizational teams at each senior level. Part of the protocol must establish a culture within the team of "management by fact" versus opinions or strength of personality.

Step Two: The Follow-on Sessions

Building on expectations and key issues, the next step is to develop revised project completion goals. These typically revolve around partnering goals like safety, schedule, budget and quality, but will differ from any project initiation goals that may have gone off-kilter. The new goals should be ones that project staff members believe are achievable.

You'll also want to continue reinforcing a "management by fact" culture, which includes metrics around goals and processes critical to project completion. An old adage says, "You improve what you measure." The initial baseline measurement should summarize project performance to date. To provide positive reinforcement of improving trends in the future, all subsequent metrics should measure off the baseline.

Step Three: The Project Staff Session

Once the plan forward has been established—and is in an operative mode at the executive level—present it to project staff for input and commitment. On-site senior project leaders and executives should present the plan for the unresolved disputes that will be removed and then provide any new goals/milestones and the initial path to achieve them.

From there, project staff can explore the opportunities and come up with action steps. Make sure project staff walks away focused on how to improve project completion strategies. Given that past behaviors may linger, project leaders must constantly reinforce their vision of the path forward. This happens through regular communication, meeting forums and one-on-one discussions with key project staff members.

Remember that project leaders' behaviors are crucial and that project staff will follow their lead in terms of how to interact with the other organizations. If reinforcement is not done consistently and correctly, the team will likely revert to previous dysfunctional behaviors.

Step Four: Ongoing Executive Sessions

Once the above tools are in place, the team can now drive accountability for improved project performance in ongoing sessions and for the duration of the project. Session frequency depends on project progress, and the focus should revolve around a collaborative project update. The on-site project leadership team should provide metric performance updates, action plans and any other important project progress points to the off-site executives. This collaborative approach gives all off-site executive stakeholders the opportunity to hear the same information at the same time—and ensures that all participants make the correct business decisions to right the project. This also permits all off-site executives to raise pertinent questions and spawn important discussions on critical issues while steering the ship in the correct direction.

Step Five: Team Evaluation Processes

Surveys are an integral part of the partnering process on any project, but they differ in their timing and content on a turnaround project. Once plans and actions to improve processes are in place and have had some time to jell, take a barometer of how the staff perceives progress.

The anonymous format will confirm whether the plans and actions established have improved relationships, processes and decision-making, and validate whether senior personnel and staff are seeing project progress in the same light.

Timing of these surveys is important. Until project leaders/executives resolve critical issues or processes, expect the survey results to reflect the same old frustrations. Once critical issues have been resolved, take the team's temperature to see what everyone thinks about the process and the outcomes.

Ready, Set, Go!

Avoiding project disasters requires a disciplined strategic approach from owners, A/Es and contractors/design-builders before new project initiation. However, many things can derail a construction project. The operative questions become: How soon did project executives first realize that the project was stressed and take measures to right the ship? And how much time was left in the schedule to get back on course?

It takes a focused effort by executives of all key parties to set the path forward to project completion. While the outcome may not be what everyone set out to achieve at the outset, the process of getting there can be greatly enhanced and will leave everyone feeling better about what he or she accomplished—and with the hope that all can work together again on a future endeavor.

For more information on FMI's partnering processes, please contact Bill Spragins at 303.398.7211.

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