

## **10 Reasons Why Your Projects Aren't Improving**

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With today's increasingly tight budgets, organizations need greater visibility into project and program performance in order to ensure that funds are being well spent. As a result, Project Controllers need to deliver timely and accurate information to pro-actively shape business decisions.

EcoSys regularly meets with project controls professionals across a variety of industries and the cost controls challenges that we discuss are common and pervasive. These challenges emerge from various sources ranging from organizational readiness to the design of processes and systems. Let's take a look at our view of the top 10:

### ***Number 10: Cost accounting, not cost analysis***

A growing frustration among project controls professionals stems from being perceived as cost "accountants", finding that a great deal of their job consists of reconciling and ensuring that recorded data is accurate. Project controls should about be creating scenarios, planning and analyzing the data of a project, not counting costs. In essence, looking forward; not looking back.

### ***Number 9: Budgeting and forecasting effectively***

Most organizations do not have a consistent method for cost controls. This is not just a systems problem, but includes a lack of standards: do we have a standard for creating budgets? Updating forecasts? Do we execute these tasks consistently across the organization for similar projects? Are there standard benchmarks and measures for determining success? Generally, the answer is no.

### ***Number 8: Getting progress data from multiple (sub)contractors***

Attempting to pull together an integrated master schedule from many different contractors and/or subcontractors is a problematic task, especially on larger projects with involving potentially hundreds of different parties. Even gathering progress data, and ensuring accurate sign-offs from subcontractors can be difficult. The cumbersome nature of obtaining this data, compounded with inaccurate or irregular information, obstructs good reporting or analysis of a project.

### ***Number 7: Integrating schedule and cost***

Schedulers tend to work in terms of work breakdown structures (WBS) and activities, while cost analysts and finance use cost codes, transactions, and fiscal periods. Each side typically has different managers who are reviewing their data and schedules. Scheduling and cost are also often using different tools to report their data. Therefore, pulling information from both sides to provide a clear view of project performance has been a huge challenge.

### ***Number 6: Aligning data between multiple source systems***

In addition to schedule and costs aspects of a project, projects have to align data from different sources such as a time sheet system, asset management systems, procurement systems, etc. Many organizations ultimately use Excel spreadsheets to attempt to reconcile the data pulled from

various locations. However, due to the complex nature of some projects, the result is often wrought with mismatched data and inconsistencies.

***Number 5: Time and effort involved with reporting***

An even bigger problem than pulling information from different sources is the time it takes to gather the information for reporting. The typical solution for gathering this information is a manual process, which is tedious, time consuming and prone to error. A cost engineer's time is better spent analyzing reports rather than building them.

***Number 4: Managing the customer relationship***

Clients will often want to see cost and performance measurements in a manner that your organization does not currently provide. For contractors, these customers are project owners, but even internal customers such as executives or other stakeholder's can add to this burden with ad hoc requests. We often see organizations focus much of their time and effort generating reports for the customer in the format they have requested. This diverts efforts from actually improving project performance, which would be the greater client "reward."

***Number 3: Accuracy of reports***

Once the data has been collected and the format has been established for a report, you need to ensure that the report is accurate and understandable. For example, a summary report should be able to provide accurate details in WBS or costs and provide a level of clarity on the project.

***Number 2: Insufficient resources for controls***

There seems to be an ever greater demand for cost reporting, better planning and scenario analysis. In more complex environments, massive amounts of collaboration between different project stakeholders are necessary for success. This places a great deal of pressure on the limited project delivery resources of the organization. The challenge becomes having sufficient resources to provide detailed, accurate reporting in a timely fashion.

***Number 1: Controlling changes***

Managing changes within a project can be the most difficult aspect of cost management. While a budget may be set for a project, there will inevitably be a variation or scope change. Various questions arise due to changes: How did the variable affect the budget and the forecast? Were all changes accurately reported on? Does the current budget and forecast reflect the change? Compounded with other challenges (insufficient resources, disconnected data and systems, manual compilation of data), a mismanaged change can severely impact the accuracy of reporting and jeopardize the potential success of a project.

These challenges can seem like major obstacles standing between you and project success. Luckily there is a solution...technology. Modern Enterprise Project Controls solutions can help you overcome these challenges, providing a single source of truth to help keep your project on budget and on schedule.