NAC **Executive Insights**

Effective Project Review Meetings

Key Points

- A key factor in achieving consistently good performance is effective project reviews.
- Effective project reviews should be challenging and comprehensive with the right people, both from the project team and the management review team.

The regular review of projects by individuals outside the direct project execution team is a core aspect of effective project management. This core management process and its objectives are essential to deliver the client's outcomes contractually committed and the anticipated company profits expected when the contract began.

Effective project review meetings, however, are not the industry norm. The proof of this is seen in the erosion of project gross margin. This is in addition to the decade's long continuation of project cost growth and schedule slippages, especially for large, complex projects. Many of the most successful firms have processes similar to those that experience continuing and unacceptable margin erosion and losses. So process is not enough, but it is essential to being successful regularly. Instances of very successful firms can be found where a developing a pattern of margin erosion over time has occurred, even though the basic project processes, including project review processes, are largely unchanged. So what is going on?

First, consider a succinct distillation of essential elements in effective project review. This will allow a focus on only those aspects related to the performance of the project execution company itself (the engineering or construction company).

Essential elements of effective project review include:

- **A standard, regular (monthly) project status report** that captures in one place all available project data in a consistent format across all projects.
  - For specific projects, many of these status reports, or "sheets," will be unpopulated with data (not relevant to specific project) or the active sheets will change over the lifetime of the project (engineering moving into procurement moving into construction moving into start-up and commissioning). For example, "Sheet "28" is the same for all projects.

- **A standardized agenda** consisting of:
  - A brief overview of project status (historical performance); issues/action items resolved from last meeting; open items and status; and new concerns and opportunities (look ahead).
  - Literally a page turn of the project status report with key status items, changes, and trends highlighted with interrogatory from the Project Status Review (PSR) team and recording of items for the action item.
  - A recapitulation of key actions to be taken and added action items.
  - Any additional reviews or meetings to be held.
  - A formal summary report that can be communicated to a broader group as necessary.
  - An executive session if required.

- **Most importantly, the right people**, both from the project team and the management review team:
  - While attendance by the core project management team for the entirety of the review is desirable, it may not always be achievable. Key team members, however, must be present for responsibility and accountability of their areas.
  - Effective reviews cannot be a one-person show by the project manager. This denies the management review team the depth of insight required to assure effective project team execution.
  - The composition, attendance, and engagement of the correct management review team are essential:
    - The team must include peer experience, the project manager's boss, and management from at least one level higher (the boss's boss and other oversight elements):
      - The management review team must include demonstrated operational, project, and project turnaround experience (since all projects may require efforts to recover from challenge and capitalize on opportunities).
      - Consistency of members of the management review team supports deeper insight as the project ramps up.
      - The management review team should draw in any specialty expertise that may be required to confirm the corrective actions are happening fast enough and with the right resources and emphasis.
  - Effective project reviews should be challenging and comprehensive, for example, it may include something like "the most painful thing I had ever been through…and worth every minute of it."

So Where Do Things Go Wrong?

While some firms will suffer from weak corporate management processes, lack of standardization or inconsistent or unavailable data that is not the critical factor in my experience. In the simplest terms, it comes down to the wrong people or the right people not showing up or the right people not asking the truly hard questions. Let's look at each of these in turn.

Wrong people

"Wrong people" is defined here as *those lacking the requisite skills and experience commensurate with the complexity of the project and its engaged and meaningful oversight*.

Wrong people encompass both the project execution team and, importantly, the management review team overseeing and challenging the project team. Much work is going on in the industry to assess project complexity and the relevant competencies of project managers (and in some instances the broader project team). Assessment of the management review team, however, has tended to be more based on its organizational position and less so on its relevant operational and project capabilities.

This is underscored with a few sanitized examples:

- Example # 1 – A global scale transportation design/build project was being led by a project manager without proven experience in leading a project of this scale and complexity. The management review team included no individuals with experience in delivering a comparable multi-billion dollar project.

- Example #2 – A global scale power project was experiencing severe project challenges and actively reporting on the poor performance and an ever changing and never realized path forward. Changes in the project team eventually happened, but throughout a multi-year period, the management review team accepted a "hope strategy," paying little attention to meaningful challenges and examination until a new member was added to the management review team. Even then, higher levels of management had become conditioned to passing responsibility downward until even they could no longer ignore it. This was a case where the further one was removed from the project, the less awareness of the true condition of the project there was.

- Example #3 – A consistently good performer saw its performance significantly degrade over a few years as operations positions were filled by individuals with no project experience. Higher levels of management were engaged sporadically, resulting in an inability to build up deeper insights that an effective management review team requires.

Right people not showing up

The right people must have the right skills, a range of perspectives, and show up.

Many organizations have not emphasized the importance of management review of projects. Instead, they let management review become simply another process step or checklist item. Management review of projects, when emphasized and performed properly, ensures the broader organization has the financial resources necessary to undertake all of its defined strategic and other planned activities necessary for both the success and survival of the organization.

When management review attendance is not treated as a core management activity requiring the highest levels of management attention, participation and engagement and the ensuing effective reviews become optional or worse. This was the case in Example #3 above. Other case examples include:

- Example #4 – A highly decentralized business had large numbers of projects being undertaken in an environment where standardized project management tools were not consistently used and no formal structure existed for management review meetings. This led to limited participation by the boss's boss, despite the competence and value these individuals could bring. Participation by even higher levels of management typically occurred after the project was considered failing.

- Example #5 – An overseas operation of a large global engineering company was experiencing a sustained deterioration in operating performance. Reviews were limited to resources based in the region with largely shared perspectives. It was only after a round of reviews was held with senior resources outside the region that a common factor contributing to systemic degradation of essentially all of the unit's projects was discovered.

The right people not asking the truly hard questions

Sometimes hard questions are hard to ask. This is where performance benefits from challenge from outside the direct line of responsibility and accountability. Sometimes there is a reluctance to ask a question for fear it is "stupid". There is no such thing as "stupid" questions only stupid answers. Additionally, sometimes things are not as obvious as others may have assumed – maybe wrongly so.

Finally, you can be polite, but don't be too polite. The role of the management review team is to challenge.

In Review

Consistently good performance is essential for an engineering and construction organization's success and survival. A key factor in achieving consistently good performance is effective project reviews.

Essential elements of effective project reviews include:

- **Standard, regular project status reports** that capture project data in a uniform format across all projects.
- **A standardized agenda** that builds common expectations across the organization.

- **The right people**, both from the project team and the management review team, showing up and asking the hard questions.

About the Author

Bob Prieto was elected to the National Academy of Construction in 2011. He is a senior executive who is effective in shaping and executing business strategy and a recognized leader within the infrastructure, engineering, and construction industries.