



NAC Executive Insights

Project Pitfalls (or The Audit Report You Never Want)

Key Points

- Audit findings represent a good project preparation and review checklist.
- This checklist makes the auditor's job easier.

Introduction

Over the years I have read all too many audit reports, project closeout reports, turnaround manager reports, and project post-mortems. These reports cite recurring findings that should be used either to guide effective management of a project or to serve as a findings checklist for the auditor or other manager looking at a troubled project. Clearly, "an ounce of prevention" is the desired course of action.

The findings that follow, although not all encompassing, can serve as a good framework for project managers, functional leads, and corporate management to assess whether a particular project is suffering from or is prone to issues that have been frequently identified on many troubled projects.

For turnaround managers and project auditors, it unfortunately will give them a head start in structuring their report.

Findings on Troubled Projects

1. **Strategic Business Outcomes (SBOs):**
 - SBOs not articulated by owner.
 - SBOs not continuously communicated to project team.
 - Metrics not linked to SBO achievement.
2. **Owner Organization:**
 - Owner organization not ready.
 - Owner organization not internally aligned.
 - Owner and engineer/contractor not aligned.

3. **Failing to Adequately Plan/Inadequate Scope:**
 - Poorly defined objectives lead to weak planning.
 - Weak planning leads to incomplete scope, inefficiency, and rework.
 - Incomplete scope and/or weak scope control lead to project disruption.
 - Plan presented or finalized without the end clearly understood.
 - Plan not utilized or kept up to date.
4. **Weak Communications:**
 - Stakeholders not fully defined.
 - Communication plan for individual stakeholder groups not fully in place.
 - Frequency and completeness of communication do not meet stakeholder needs.
 - Communication plan and efforts not updated or fail to evolve through project life cycle.
 - Communication approach provides insufficiently for “active listening.”
 - Project status not communicated frequently and in detail.
5. **Failing to Get Adequate Team Buy-In:**
 - Top-down planning creates perception of expediting.
 - Limited team buy-in delays front-line decisions, acceptance of responsibility, constructive suggestions, and feedback.
 - Lack of required team skills may not be identified early.
6. **Team Skills Do Not Meet Project Needs:**
 - Skill gaps not identified.
 - “Hope” adapted as a strategy.
 - Changed project needs not reflected in plan or in team skills mix.
7. **No One Is Responsible:**
 - Roles and responsibilities in project execution not articulated.
 - Control of “white spaces” not addressed.
 - Support mechanisms not identified or in place.
 - Retribution vs. reward culture: Penalty for “taking personal risks” outweighs penalty for “failing to take personal risk.”
8. **Performance Metrics Not Effectively Used:**
 - True condition of project (or portion) is not known.
 - Work performance metrics foster “debate on data” vs. focus on performance improvement.
 - Accountability not linked to performance.
 - Communication and collaboration metrics not established for cross-functional activities.
 - Importance of safety and quality to overall efficiency not addressed by metrics.
9. **Team Culture Not Defined, Communicated, Established, or Supported:**
 - Negative behaviors are tolerated.
 - Difficulty of cultural change not appreciated.
 - Team building never completed.
 - Feedback mechanism to assess team performance not in place.

10. Plan Not Sufficiently Developed:

- Notion that the “devil is in the details” is not heeded.
- Planning not to a level that allows gaps, conflicts, or opportunities to become apparent (incomplete scope).
- Planning assumptions not stress-tested by detailed plan development.
- Productivity, cost, and schedule details are based on historical means vs. current or forecast realities.

11. Failure to Fully Assess and Manage Risks:

- Quantitative risks not comprehensively assessed.
- Overreliance on factors from prior projects without understanding differences between projects.
- Event risks not adequately addressed.
- Known unknowns not factored into risk analysis: “Black Elephants” not addressed.
- Management actions to mitigate or manage risks not developed or articulated.
- Indirect consequences of risks not considered (project disruption).
- Contingency planning and provision not vigorously carried out.
- Plan to manage unknown unknowns (crisis planning) not executed.

12. Critical Path Not Understood:

- Project priorities and requirements for achievement not well developed.
- Resources not allocated to clearly support critical path.
- Intermediate milestones not clearly understood or communicated.
- Events impacting or potentially impacting critical path not understood or communicated in a timely manner.

13. Schedule Does Not Reflect Realities of Project:

- “Political” dates bear no resemblance to project approach or resource loading.
- Impact on morale of unrealistic dates and intermediate milestones not appreciated.
- Project sequencing and decision timeframes not understood.
- External schedule drivers and constraints not adequately considered.
- Interdependences not adequately reflected in project schedule.

14. Quality Management Culture Not Built into Project:

- Quality plan not developed at outset of project.
- Quality activities not flowed down into all project elements.
- Quality requirements not extended throughout supply chain.
- Timely identification of quality-affecting issues does not occur.
- Corrective action plans not developed or effectively implemented.

15. Inadequate Project Management Skills:

- Required skills not clearly understood at outset of project.
- Skill gaps not identified.
- Inadequate training to close skills gaps.
- Inadequate ongoing performance assessment of management skills.

16. Dysfunctional Project Organization:

- No clear lines of authority
- Lack of empowerment
- Silos impede project performance.
- Lack of timely information sharing
- Poor interpersonal relationships or lack of trust

17. Project Management Framework Systems Not in Place or Appropriately Utilized:

- Necessary systems and tools not put in place at outset of project.
- Framework systems not adequately integrated and do not provide timely and comprehensive view of the project.
- Framework systems are not being utilized and local tools contain unintegrated information important to management of project and assessment of performance.

18. Project Execution Lacks Rigor:

- Individual WBS (Work Breakdown Structure) elements or activities not rigorously planned.
- Early and late start scenarios not considered.
- Pre-conditions to undertaking an activity not well understood.
- Decisions not made in a timely fashion.
- “Paralysis by analysis” is accepted as substitute for informed risk taking.
- Changes and their inevitable disruptions are not managed.
- Priorities “float” or a process for reprioritization of project does not exist.
- Resource allocation does not match stated priorities.
- Resource hoarding tolerated.
- Organizational or process silos not eliminated.

19. Project Execution Bottlenecks Not Aggressively Addressed:

- Telltale signs of people, process, or physical bottlenecks not recognized and are instead ignored.
- Unwillingness to deal with difficult people, changes, or failed processes.
- No effective channel of team members’ concerns to management level, where they can be addressed.
- Information is funneled or hoarded.

20. Project Reporting Does Not Support Project Delivery:

- Project reports focus on quantity of information vs. quality of information.
- Project reports not tracking open item status and commitments at appropriate level of detail.
- Cross-cutting project trends and issues not readily identified.

21. Audit Process Not Used to Support Project Execution:

- Focus is on playing “gotcha” instead of supporting project improvement.
- Project team not involved in defining areas of audit, frequency, and focus at outset of project.
- Audit process not seen as valuable tool by project team.
- Frequency of audits inadequate to provide input for timely course correction.
- Expertise of audit team inadequate or not respected by project team.

22. Training Not Viewed as an Ongoing Activity:

- Work process implemented on ad hoc basis.
- No consistency of approach is evident.
- No feedback loops exist to capture lessons learned or to use best practices in team training activities.
- Evolution of skills and associated training needs over the project life cycle not recognized.

23. Inadequate Project Closeout:

- Project lacks closeout plan and checklist.
- Commissioning requirements not comprehensively addressed.
- Financial closeout process and requirements not agreed to.

24. Lessons Not Learned:

- Prior project post-mortems not reviewed.
- Lessons learned and best practices encountered during project execution not captured or communicated.
- Inadequate attention to conducting a project post-mortem.

Summary

The various pitfalls outlined in this Executive Insight provide a foundation for inoculating your project against some of these common shortcomings. They also provide a guide for areas to be included in periodic project reviews and for internal “deep dive” teams. Finally, lessons learned and observed best practices in each of these areas should be shared broadly within the organization to improve future performance.

About the Author

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