



Project M.P.H or M.P.G?

Blog Post | April 13, 2020

Remember the 1970's when oil embargoes and gasoline prices were the hot topics in global politics? The era of the "muscle cars" was just starting to transition into smaller, lighter and more fuel-efficient vehicles. The national speed limit was reduced from 70 to 55mph since engineers and scientists could prove that 55mph would yield the most efficient gas mileage for a vehicle. My Dodge Omni couldn't climb a hill, but it got 52mpg traveling a highway speed of 55mph over flat land. So, the question becomes, what is the optimal speed projects must travel through your process in order to get the most efficient gas mileage? Crazy as it sounds, there is a correlation.

Project Volume

The volume of capital projects can feel like a contest. Whose capital construction budget is the biggest or which company's proposal volume is the largest? Before lifting that trophy, a philosophical question requires inquiry, "what is the optimum speed that a project can travel through a development, design, and delivery process?" This depends on the efficiency of the project delivery process and the effectiveness of the project management culture. Therefore, ask yourself these questions:

- What annual construction volume does my organization manage?
- What is the project delivery process from initiation to the built environment?
- What measurables are used to indicate project performance?
- Is there a clear understanding how the project process is connected to the business and organizational objectives?
- Is there a formal project management practice that can be identified?

If it's a struggle to answer any of these, then a project management workshop may be in your future. There are many instances where \$50M+ capital projects are developed, designed, and delivered without any consistency or existence of a formalized project delivery process and robust project management culture. It is confounding that millions of public dollars pass through capital project processes that lack consistent training and project management.

Speed and Efficiency

Boasting the number of projects annually delivered through any process defines speed but does not necessarily indicate efficiency. Efficiency is another way of project performance. Performance indicators like project scope, schedule, budget, and risk which are common terms associated with project management. When project performance indicators go awry, then the process itself must be evaluated for completeness and accuracy in order to determine the root cause for project delays, budget overruns, and missed objectives. For example, errors or ambiguity within construction documents causes unnecessary addendums, increased bid prices, appetite loss for bidders, and

rebidding costs. Worst of all, this may jeopardize the bid integrity for the current and future projects. Everything from here on will be heavily scrutinized by internal and external stakeholders. Then there's risk. Risk is underestimated and considered missed project opportunities. Risk is also an indicator of the consistency of project performance. Every project is unique and therefore, every project carries its own set of risks. Risks make a project's journey either a smooth or rough ride. Risks often expose themselves through a project's addenda and change orders. Both can 'nickel and dime' a project or crash a project multiplier, plus it has an adverse effect on project efficiency. Identifying your project management's key performance indicators like scope, schedule, budget, and risks is critical to understanding your project's optimal speed with maximum efficiency through the project delivery process. When these indicators flounder, then the project delivery process requires evaluation to identify the root of the problem.

Know Your Project Process

Many departments and individuals, both internal and external stakeholders have a fingerprint on the project delivery process. Cumulative savings within the process can positively impact an organization's overall sustainability. Mapping the project delivery process in your organization is a great first step. It is important to understand the inefficiencies and 'road-blocks' within and between each step. Every organization is unique in that people and culture shape the elements of the project delivery process. Your internal and external stakeholders can provide insight as to areas of weaknesses, strengths and opportunity. The design industry has general indicators that an efficient project delivery process can save up to an estimated 10% of a project's annual budget. Although understanding the wider impact of project management throughout your organization may realize even greater savings. If you are a director of operations or public works director, your challenge is to get the project delivery process running a smooth and efficient as possible.



Project Management or Managing Projects

As project managers, most of us can relate to managing projects since we all do it with our own home improvement projects. On a much larger scale, project management is a part of the professional duties in the project delivery process. The challenge for directors, principals or department managers is whether staff is "managing projects" or practicing an actual formalized structure of "project management". There is an important difference.



Many managers often contemplate who might manage projects by simply pushing them along some undefined workflow; this is called "managing projects". It may feel like different strokes for different folks. Project managers may not be all on the same page when delivering projects. They may not be trained with a formalized project management culture of a project's workflow. An organizational standard operating procedure with a documented project management manual is likely not available for referencing, consistency, and new hire orientations. Hiring practices for new project managers vastly differ from who is formally trained to those that just learned from a plethora of undocumented styles based on previous experience.

A formalized ‘project management’ system, practice, or cultural behavior is the common thread that project managers can clearly identify with clear direction and purpose. They understand their role in business sustainability through the lens of delivering projects. Managers also understand the importance of efficiency indicators like scope, schedule, budget, and risk as it relates to project performance, daily business operations, and organizational strategic objectives. New hires are based on competency in joining a well-coordinated and documented project management-oriented team rather than assimilating to a group of professionals that are simply ‘managing projects’. ‘Project Management’ is the backbone of any organization whose profitability, funding portfolio, or public trust are defined through the lens of its project delivery process.

Benefits and Value

Waste is money, and workflow is cashflow. There is no two ways of getting around this. Project Management and the project delivery process are not immune. The value in a high performing project delivery process using project management best practices is realized so many ways because its cause and effect are widespread. Here are some examples of the benefits and value from a high-performing project delivery process that employs a healthy project management culture.

Benefits	Value
Happy business stakeholders	On-time project delivery minimizes business disruptions and impacts sales revenue.
Public Trust	Priceless
Clear and understandable decision-making	Lessen public indifferences with their local municipality during design and construction phases.
Reduce Total Project Cost	<ul style="list-style-type: none"> • Decrease addendums and change orders. • Avoid project delays & accumulating costs such as weather-related, carrying winter costs like insurance & bonding premiums, temporary controls like traffic devices and bypass equipment to maintain existing operations. • Additional staffing at all project levels.
Role clarity of design professionals	Optimize the percent of ‘soft-costs’ while minimizing construction costs.
Risk Aversion	Identify and avoid as many project uncertainties as possible that divert resources and impact outcomes.
Maintain Bid Integrity	Avert ambiguity and inaccuracies; save time and effort in rebidding.
Maximize Asset Lifecycle Value	Minimize annual operating costs and maintenance intervention expenses.

The overall savings per project may be up to 20% of the total project cost and even more over the course of an asset’s lifecycle. Imagine the cumulative savings over time if project performance and project management were your core operating practices. That would be a considerable amount of savings re-invested in the public’s quality of life through sustainable and reliable asset infrastructure!

Project Management is a management style which manages the project delivery process. Asset creation is the creation of this process in order that business and public infrastructure value is realized. Project management consistency and a clear ‘vertical line of sight’ of this style within your organization is done through professional development. Its value cannot be overstated because it boils down to business and asset infrastructure sustainability. Private sector profitability and public sector trust in capital project delivery is dependent on good project management practices. This means getting your project managers

trained in the most current and best project management practices. This should be mandatory if you're pushing \$50M+ volume of construction projects through your office.

Project Management and Asset Management

Asset creation and acquisition are landscape subjects of Asset Management according to the Global Forum on Maintenance and Asset Management (GFMAM). When an asset is created or acquired, it typically follows a project delivery process, then the capital is transitioned into an asset life cycle delivery process. From an Asset Management perspective, project management is the conception of an asset. All the cost overruns and project delays siphon investment funds for the next series of projects which affects their scope. Schedule overruns delay new projects from getting started. Cost implications seem monetary, but inefficient project delivery increases the risk on the remaining asset system and makes achieving organizational strategic objectives even more difficult.

In conclusion, a highly efficient project delivery process cultivated through best project management practices will enable an optimal balance between speed and efficiency that is unique to your organization. Most importantly, it should derive maximum value from its investment and the asset it creates.



Mark De Clercq is owner and president of Applied Asset Management Consultants, Inc. in Kalamazoo, Michigan. He advises municipalities on applying the technique of Asset Management in long-term strategies for managing its asset infrastructure and implementing their organizational strategic plans. Mark also is associated with PSMJ Resources, Inc. whose specialty includes project management for both private and public sector industries. His website is www.appliedasset.com for more information or contact Mark at info@appliedasset.com