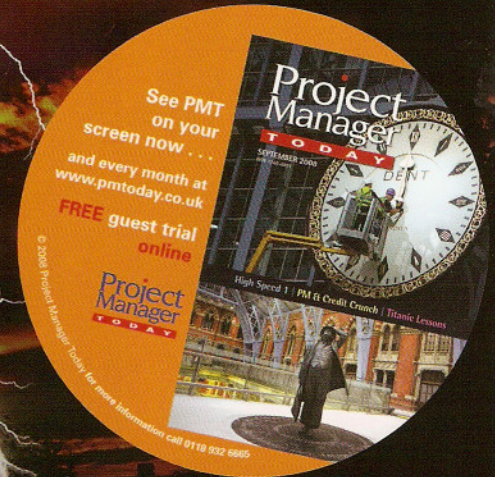


Project Manager

T O D A Y

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Estimates at fault on government projects

As long as politicians 'estimate to please' there will be over-running government jobs, believes George Sifri, PMP. Much of the fault lies in artificially low projected costs, or artificially high expectations, all in the name of political pressure.

'But this is not a UK specific problem,' says George, who has specialised for more than 15 years in top level IT project management and is a senior instructor with ESI International.

'It's not just a public sector problem. You look at the portfolios of big companies running projects of all sizes and you find the same things. One of the root causes is that people underestimate time and costs so that they can get approval. If you are a politician there is a lot of pressure on you; you want to be associated with the project – so you estimate to please. Sometimes it's done to push a much-needed project forward as quickly as possible, for example work on a hospital, and then you see the costs start escalating.'

In most government scenarios, he says, the work is on a fixed price contract. This tends to limit exposure of the customer as far as cost risk is concerned, but there is a premium price associated with it because contractors build contingencies into the budget. 'Fixed price contracts are suitable if the project requirements are very well defined and stable, but unfortunately if they're not, then the change requests are going to be very expensive, it's going

to take longer, you will have problems with contractors, and everything leads to higher costs.'

It's the definition, assessment and development of any project that determines its success, he adds. 'BAA didn't use fixed price contract with Terminal 5. They recognised that they would be taking on a huge number of risks and associated costs. They worked closely with a number of partners, and they identified problems before they happened – that is the essence of good project management'

Preventing the sort of problems that UK Prime Ministers, past and present, see is 'nothing fancy', he says. 'You need to make sure that requirements are well specified, with clear criteria and under management control in terms of scope. Don't change it in the implementation unless it's unsafe or doesn't work. You need skilled, trained and experienced staff. The team must be well balanced and integrated so that there is a well-rounded vision of the project as a whole from a commercial and technical perspective.'

Above all, projects are about people. People have to exhibit the right behaviours for projects to be successful. These include but not limited to: killing the wrong project, planning before doing, recognising risks and uncertainty, maintaining open channels with key stakeholders, involving the right people at the right time, following the assurance process, have an exit strategy, do the right work at the right time with the right people.



Tim Downing (left), Steve Kelly and Duncan Berry (right) at the announcement of their consultancy's new one-stop national service to assist with projects where either the developer or contractor is unable to complete on a job. DBK is targeting this new one-stop service at funders, administrators, receivers and landowners. The types of activities covered are project audits and development appraisals, assessments of risk and return on investment and formulating plans for recovery. DBK then follows a recovery strategy through to dealing with any contractual disputes and devising construction management solutions so as to manage risk and mitigate potential loss.

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