

Project execution – key to success

By RONALD S. GOSECO on March 24, 2017 Business Columns

In my stint as CFO of our energy and infrastructure division, I observed that the true key to completing a project on time and within the budget is our ability to anticipate and overcome execution risks.

Risks in rapid expansion; nationwide, in various power technologies, road and rail projects may entail reorganizing, upgrading skills and talent, structures, information systems – possibly all at the same time.

In a study conducted by Deloitte, they identified several factors that one has to address to deliver successful projects. The study identified that there are generally three drivers of execution risks: availability of critical resources, stakeholder commitment and alignment, and emotional or social resistance.

Risks in these three categories can be broken down as follows:

Resources: budgets, workloads, talent and information systems

Alignment: stakeholder commitment, governance, ambiguity in roles and deliverables

Emotional and social risks: habit, fear and social dissatisfaction and culture

The key challenge for many projects is inadequate budget. This can lead to shortcuts, with the project failing to meet standards. It is tempting to reduce budgets in order to meet target returns. This stresses the project and could lead to failure.

Projects demand work and effort. In most instances, this work is divided among existing talents in the organization. These individuals often have little capacity to accept new responsibilities but they are forced to accept them because there is no one left to do the additional work. It is important to evaluate what work can be delegated and distributed in various phases of the project to free up critical roles. Related to this issue is the need to recruit specialized engineering talents. It is critical to have people with the skills and experience to execute the project.

We also need to track and provide timely and accurate information and analyses for decision-making. Consider for a moment a hypothetical case of missing out a transmission tower after building an entire power plant simply because information was lacking. It gives a whole new meaning to the saying “for lack of a nail, the battle was lost.”

Projects also need to ensure commitment and alignment between all stakeholders. Most of our projects were done with partners and it was important to quickly resolve various conflicts that could arise in the process of implementation. It was also important to have a senior project lead with the authority to align incentives across the partnership.

One way to sustain commitment is to have effective and fair governance that is consistently implemented across the organization. A reporting structure that is set at a regular cadence will align and address concerns of the partnership. This would also eliminate any ambiguity, particularly in the assigned roles and deliverables of the partners. A lot of failures can be traced back to the belief that someone else was responsible for the delivery of a critical component of the project.

Habit and fear can also be powerful constraints. How many times have we heard the comment “we’ve always done it this way before”? Removing the enablers of old habits is critical to executing change.

Culture and social risks are also critical factors in project implementation, especially in the rural areas. It is difficult enough driving your own work team. The ultimate challenge in some projects is overcoming the fears and objections of the LGUs and the tribes in the area. It is critical that we anticipate and address the social risks through thoughtful communication and dialogue to assuage the concerns and demands of the local communities that we work in.

Projects would have their individual risks and challenges. It is important that we anticipate and evaluate the risks to implementation to shift the odds of success in our favor.

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