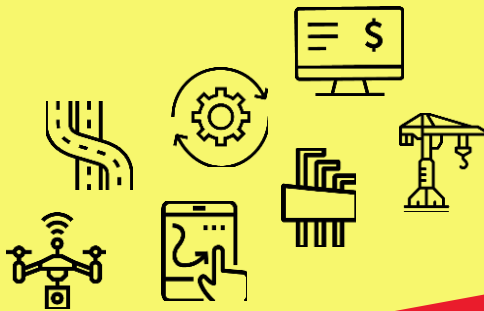


# PREPARING FOR THE INDUSTRY OF TOMORROW



## Managing Troubled Projects

George T. McLaughlin PMP CCM

Steve F. Hughes, Jr., PMP



# The following CE credits are offered for this session:



**1.0 AIC CPD Credit** | AGC of America has been approved to offer Continuing Professional Development (CPD) credits for qualifying programs by the [American Institute of Constructors](#) (AIC).



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This session is designated for **1.2 CPE credits** in the field of Management Services

# How to earn CE hours for this session

Participants must:

1. Check in with attendance scanner at the door or in the back of the room.
2. Attend at least 95% of the session.
3. Complete the session and post-program evaluation.

Additional instructions will be emailed to attendees requesting CE credits.

For those requesting AIA credits, please provide your AIA number so we can report your attendance. You may contact **Jo-Anne Torres**, Manager of Professional Development and Continuing Education, at [jo-anne.torres@agc.org](mailto:jo-anne.torres@agc.org) or (703) 837-5360 for questions.

# Learning Objectives

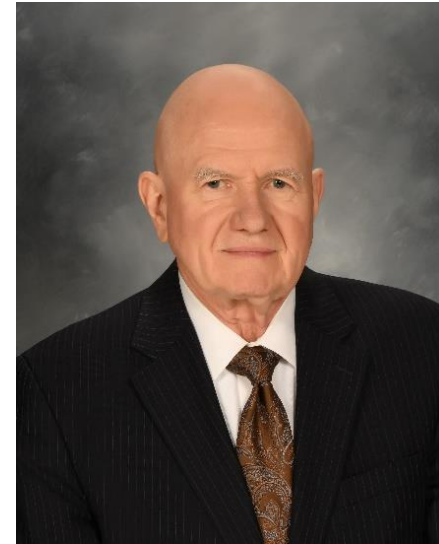
By the end of this session, participants will be able to:

1. Discuss how to recognize, recover and resolve "troubled projects."
2. Identify ways to improve and achieve a high level of labor productivity.
3. Recognize and correct issues impacting labor productivity.
4. Implement Professional Project Planning and Management Techniques by achieving Improved Project Management and Construction Management skills.

# George T. McLaughlin

## PMP CCM

Principal, McLaughlin & McLaughlin  
Project and Dispute Consulting LLC



# Steve F. Hughes, Jr., PMP

Senior Project Controls Manager, Worley  
Parsons





# Managing Troubled Projects

- General Subject
  - US Capital Project Context
  - Some IT perspective
  - Project Management Perspective
- Questions – any time



# Topic Outline

- Introduction
- Leading Indicators
- Recognition
- Scenarios
- Recovery
- Resolution



# Purpose and Overview

- The management of Troubled Projects represents a unique opportunity for improving PM / CM performance as leaders and opportunities to overcome obstacles facing the industry. Experience has shown that Troubled Projects require unique and specialized managerial techniques. Fundamental causes include managerial mistakes, planning mistakes and external factors. Troubles can take many forms including: inadequate planning and baselines, missed deadlines, human resource management issues, poor cost control and/or poor time management. Early warning signs included: poor change management and control, delayed decisions, high-tension meetings, poor project reporting, frequent crises, unrealistic forecasts and high personnel turnover.
- This presentation offers techniques to develop leadership skills. With an emphasis on collaboration, the content offers proven successful managerial techniques for recognition, recovery and resolution of these Troubled Projects. Recognition is crucial and earlier is better. Recognition techniques and related project KPI's are discussed. Recovery techniques vary, depending of certain key factors. The factors are presented and the most effective recovery approaches are coupled with the Troubled Project key factors. Since people and process are interconnected, selection of recovery techniques and / or recovery support team are addressed. Finally, resolution can take many forms and paths. Choosing the best resolution technique is essential. Resolution techniques as well as selection and implementation criteria will be presented. Case studies of successful management of Troubled Projects will be highlighted.
- Troubled Projects can be successfully managed when the optimal managerial approaches are used. Troubles can be converted to success using techniques that are offered in this presentation.





# Managing Troubled Projects

The recognition and management of Troubled Projects represent one of the most unique situations in the spectrum of project management challenges. Specialized skills and approaches are required in order to achieve successful outcomes. M&M has and will post (social media) a series of observations and recommendations regarding the recognition, recovery and resolution associated with Troubled Projects.



# What is a Troubled Project

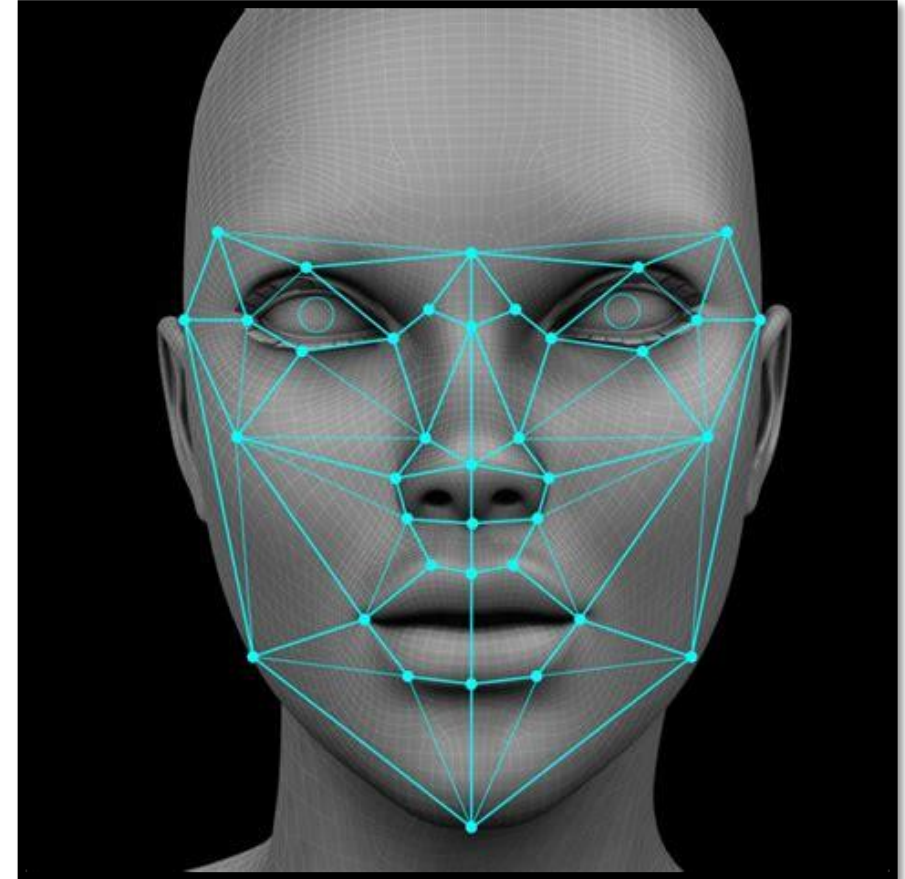
A Troubled Project is expected to, forecasted to, or otherwise may not achieve one or more of the project's success criteria / objectives. Typical success criteria are project completion / delivery that is: Within allocated time duration; within budgeted costs; Achieving requisite performance level(s); and is Acceptable to the Customer / Buyer.





# Call to Action – Three “R’s”

Basically, a Troubled Project is one that is reasonably expected to not achieve its Business Case objectives. Managerial action is needed to enhance the possibility of achieving these Business Case objectives. This managerial action may be summarized is the three R’s – Recognition, Recovery and Resolution.



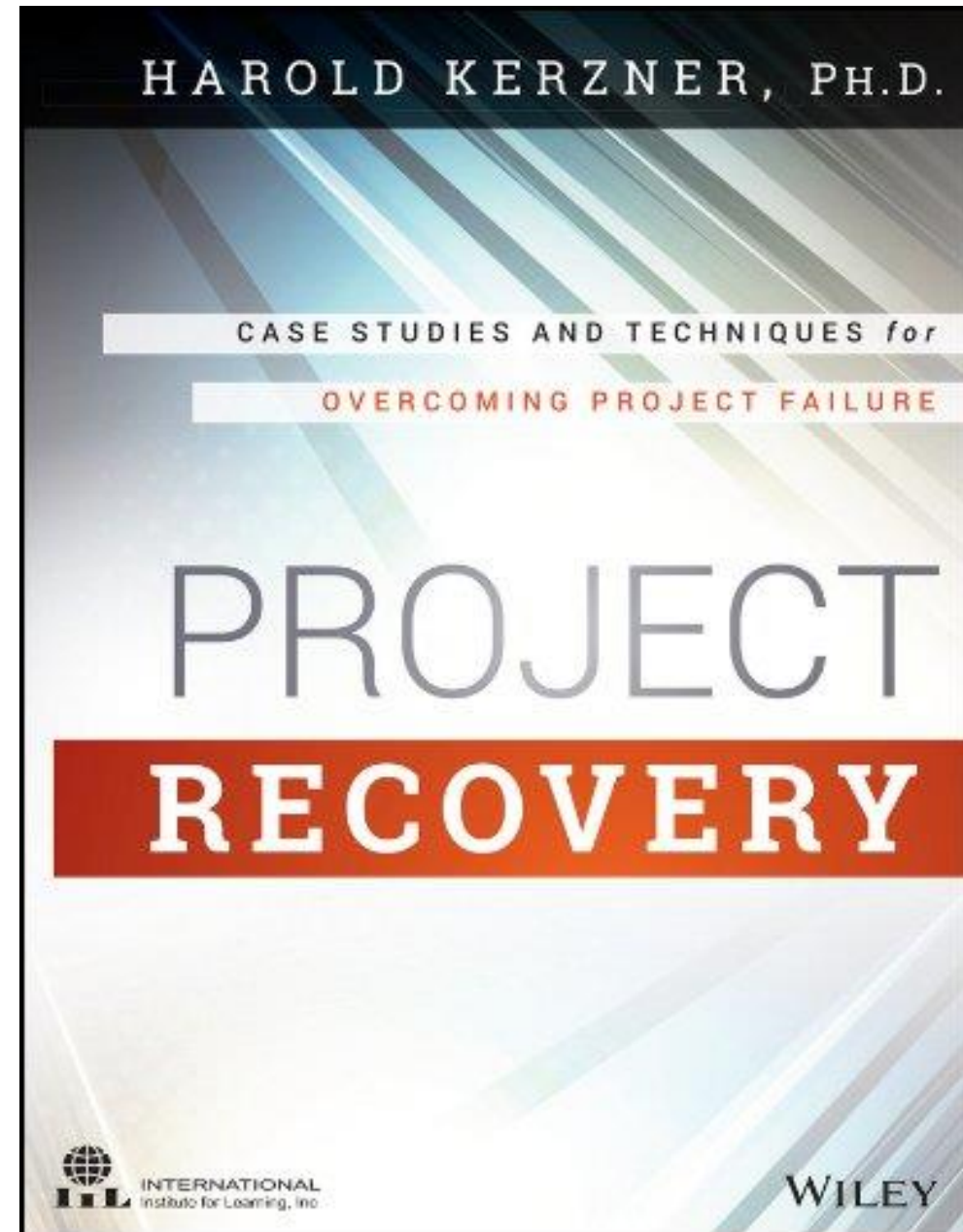


# Leading Indicators

- Labor Peak Greater than Planned
- Labor Peak Later than Planned
- Unexpectedly High Labor Turnover
- Negative Cash Flow
- Billing / Invoicing Less than Planned
- Construction Support Expenditures Greater than Planned
- Commodity consumption exceeding planned
- Trending / Forecasting not in use, illogical, highly optimistic, unrealistic
- Baselines not in use
- Meetings are combative
- Unwillingness to accept responsibility
- Poor change management

# Key Reference

- Dr Kerzner – Highly Respected
- Lessons Learned Tied to PMBOK Guide Sections
- Copyright 2014 (recent publication)





# Project Health Checks (See Kerzner – Chapter 9)

- Health Checks vs Audits – future vs present / past
- Who performs – internal vs external personnel
- Phases
- Review business case and project history
- Research and discover the “facts”
- Report participation
- Project Management warning signs
- Lessons Learned – related to PMBOK





# Recognition

- High Percentage of the Challenge is Recognition
- Need Highly Experienced and Talented Resources
- Key to Achieving Focus
- Importance of Using KPI's
- Other



# Transition to Recognition – KPI's

- Schedule (usually CPM)
- Progress Curves (rate of progress)
- Productivity (key labor groups)
- Scope of Work
- Total Labor (resources) per month







# Scenarios

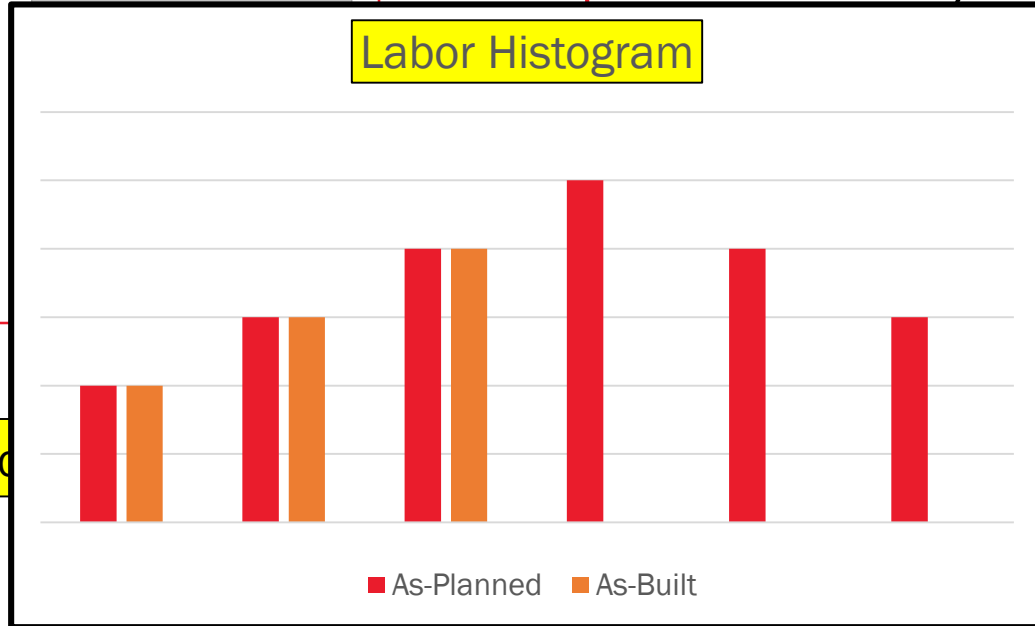
- Use Standard Dashboard of KPI's
- Scenario will Provide KPI's
- Is This Scenario Plausible? Answer is "Yes"
- Identify the Problem Hence the Narrative
- KPI's Provide Effect
- What is (are) the Cause(s)



Critical Path	
Activity	Total Float
Activity #1	0
Activity #2	
Activity #3	

Total Progress

%



Good

Product

Time

Contract Base

100

Change Orders

0

%

Contract Price

100

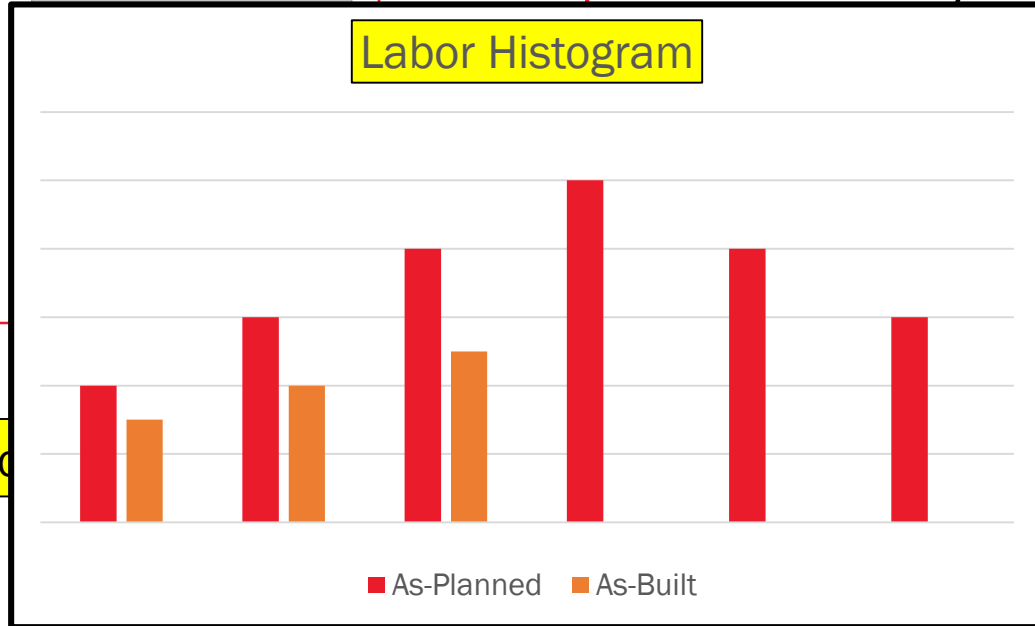
Bad



Critical Path	
Activity	Total Float
Activity #1	+50
Activity #2	
Activity #3	

Total Progress

%



Good

Product

Time

Bad

Contract Base

100

Change Orders

0

%

Contract Price

100



# Transition to Recognition – KPI's

- Schedule (usually CPM)
- Progress Curves (rate of progress)
- Productivity (key labor groups)
- Scope of Work
- **Total Labor (resources) per month**

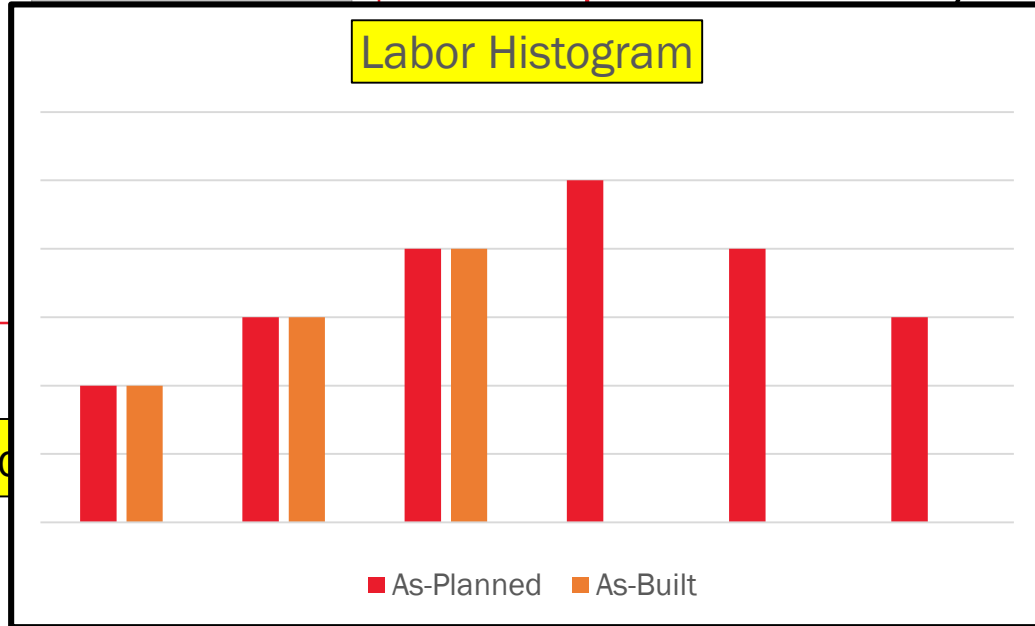




Critical Path	
Activity	Total Float
Activity #1	-30
Activity #2	
Activity #3	

Total Progress

%



Good

Product

Time

Contract Base

100

Change Orders

35

%

Contract Price

135

Bad



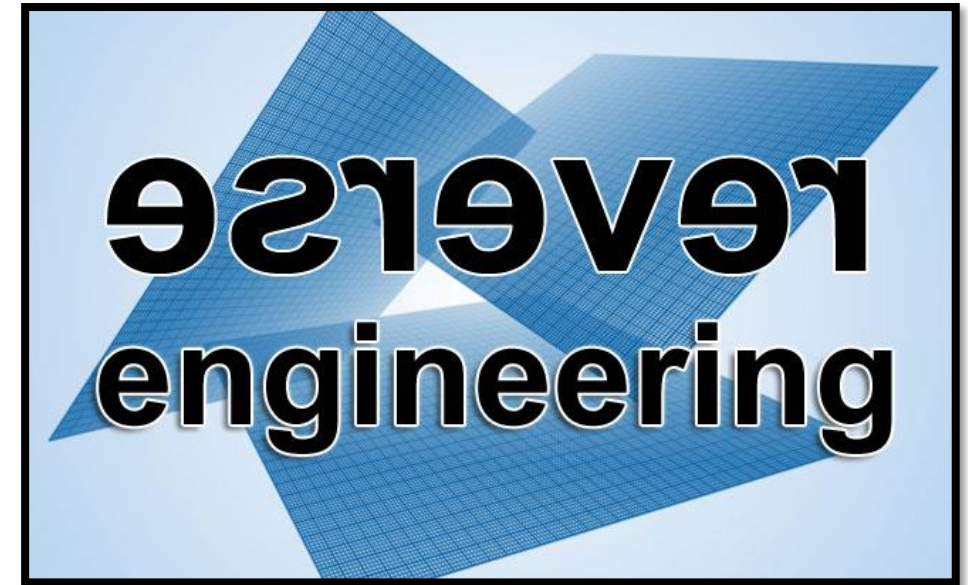
# Recovery

Transition From Recognition of the Problem to Managerial Action. It is Crucial that this Phase be Timely (Initiated Promptly). The Theme is Mastering the Art of the Achievable.



# Recovery – KPI's

The full set of KPI's are needed. Often, some are missing or not used. If KPI's are missing, build the missing KPI's by reverse engineering using available data and that can be efficiently accessed. Build the KPI from present back to start of the project. Do not delay other actions – work concurrently.





# Recovery

Analyses of the KPI's combined with project assessments will reveal the path forward for recovery. Once the path has been identified and planned, rebaseline the KPI's such that meaningful managerial feedback can be achieved. For the one or two KPI's that reveal recovery status and progress, shorten the reporting period (e.g. monthly to weekly).







# Recovery – Location / Venue

- As Close to Team as Possible
- Collocated with Center of Activity
- Frequent Interaction
- Daily Coordination / Daily Standup
- High Value
  - Residual Benefit
  - Team Building
  - Speed of Implementation



# Recovery – Establishing the Narrative

- Identifying and Projecting Themes
- Follow the Facts, Avoid False Narratives
- Use of Progress Reports (e.g. MPR's, Sprint Reviews)
- Alignment of Stakeholders (Team Members, Others Within Your Organization, External)
- Encourage Dissenting Views
- Never Miss an Opportunity to Tell Your Story

# Resolution

- Managing The “Project”
- Foundations (MPR’s, Chronologies)
- Expectation Management
- Not providing Legal Advice





# Resolution – Managing the Project

- Establish Objectives
- Project Delivery – Agile Guide Incremental Life Cycles
- WBS (in order of priority)
  - Cash
  - Scope of Work
  - Time
  - Efficiency / Productivity / Disruption
- Incremental Submissions after collaboration



# Chronology – Factual Basis

- Building the Factual Basis with Documents

DATE	DOCUMENT	DESCRIPTION	1 Existing Conditions	2 Scope of Work	3 Active Interference	4 Time-Related
9-Nov-16	Contract	EPC AGREEMENT entered 9th day of November, 2016 (the Effective Date) by and between XYZ and ABC.	X	X		X

DATE	DOCUMENT	DESCRIPTION	1 Existing Conditions	2 Scope of Work	3 Active Interference	4 Time-Related
9-Nov-16	Contract	EPC AGREEMENT entered 9th day of November, 2016 (the Effective Date) by and between XYZ and ABC.	X	X		X

- Establishing the Sequence of Events
- Arranging by Issues/WBS

6-Jan-17	Report #PS1501-RPT-003	The cut wing tags on the top of the air inlet duct work were hidden due to the soiled roof. This was not brought EEPS attention in advance. As a remedy and change order are being process, the work cannot continue on this long section of duct work. This halted the work and required reassigning the crew to other work; thereby, creating inefficiency in the disassembly work. If there are any other hidden conditions that are not readily evident, XYZ should be made aware of these conditions."	X	X	X	X
7-Jan-17	Daily Construction Report PS1501-RPT-0004	"Instruments being removed that do not appear on any drawings. Point checks are being performed There appears to be a lack of consistency concerning red line drawings of as left conditions. This is and will consume manhours to address when designing the plant and the DCS implementation."	X	X	X	X



# Expectation Management

- Key concept to achieve successful Resolution
- Start in the early stages
- Collaboration at all times, regardless of awkwardness – “unlike wine, bad news does not get better with age”
- other





# Dispute Resolution Processes

- Not dispensing legal advice - confer with legal counsel, if needed
- Understand the Contract process
- Avoid foreclosing options by process failures
- other



# References

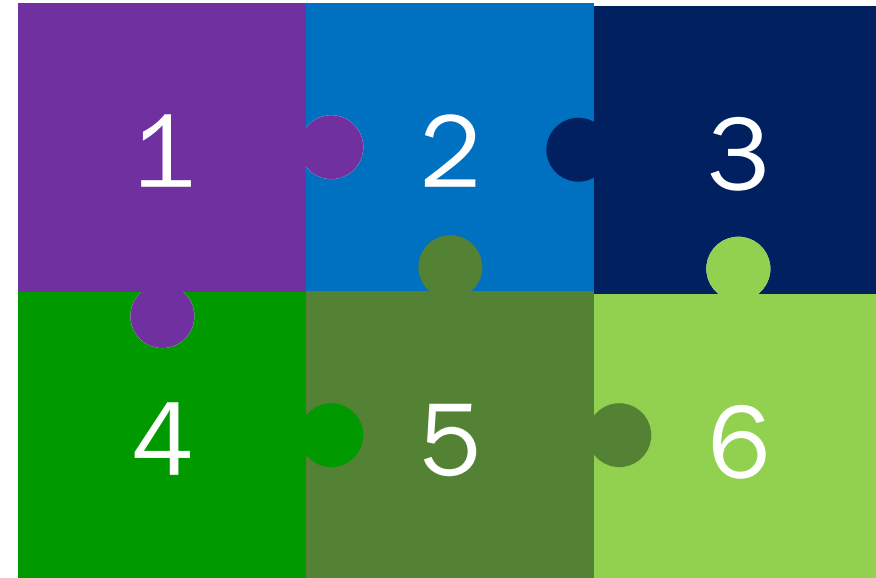
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- Harold Kerzner, Project Management. Wiley, Hoboken NJ
- Sally Johnson, How to Recognize Troubled Projects. PMI Baton Rouge Chapter
- Maura, H. (2012). How to Deal With Troubled Projects. Paper presented at PMI Global Congress 2012-EMEA, Marseilles, France. Newtown Square, PA: Project Management Institute.





# Summary and Wrap up

- Introduction
- Leading Indicators
- Recognition
- Scenarios
- Recovery
- Resolution





# Questions/ Comments?



# Thank You