

MANAGING PROJECTS – THE STEP-BY-STEP APPROACH

Issues, assumptions and change management

by George Suffidy

The work required to successfully deliver a project, through a contractual instrument, has only just begun once the contract has been signed. As time passes and work progresses, the character of a project tends to change. Perceptions of the project also change over time as a consequence of its successes, failures or changes to the context in which it exists.

This column explores why procurement professionals must be sensitive to not only what is happening as a contractor executes a project, but to how the actual progress of the project itself can change attitudes towards it. All of this will influence the administration of the procurement and the consequences should be anticipated.

There are three principal parameters associated with every project: time, cost and product. At the outset of the contract, obligations must be established in terms of schedule, price and the exact nature of the deliverables. The relative importance of each of these three objectives to persons in the procuring organization tends to vary with their duties. A user may want the best tool to do a job, a manager may be interested in establishing an organizational capability within a specific time frame and a comptroller may be looking to contain costs. At the outset of most procurement projects, the dominant objective is usually product. Price and delivery having been agreed upon, the focus is on what is to be delivered and how it is expected to benefit the organization.

As a contractor executes a project, a gap may begin to open between products, as specified for delivery, and products as the contractor is actually able to deliver them. This raises issues within both the procuring and contractor organizations, as well as between them. It is essential that each organization document and deal with the issues encountered as a consequence of the contractor's performance. An Issues Log, which defines the nature of each problem, identifies the individual responsible for pursuing it to its satisfactory conclusion and establishes a target date for its resolution, should be maintained and administered by the project staff within each organization.

Issues which impact and influence the nature of the relationship between the parties should also be similarly logged and dealt with during project progress review meetings and not be allowed to languish as the cost and consequences of their remediation usually increases with the passage of time. Since the objectives of these meetings are progress review, communication and issue resolution, they should be convened at least quarterly. How issues relate to contractor

performance should not be overlooked in the context of the dispute resolution provisions of the contract.

A changes provision must be negotiated into a contract to provide a vehicle for making orderly changes to product, price or schedule as required. As the project progresses and what is achievable becomes more apparent, the dominant project objective may shift from product to either cost or schedule. The attitude usually becomes either “give me what you can for my price” or “deliver what you can by my date.”

A prudent procurement officer anticipates the kinds of problems that may be encountered during project performance and ensures that the changes provision of the contract is capable of effectively dealing with them. It is also useful to negotiate, to the limits possible, the pricing basis to be used for negotiating changes after the contract is signed. After contract execution, changes can exhibit the nature of sole-source arrangements, with the pricing risk that this poses for the procuring organization. Finally, a reasonable contingency budget should be authorized and established for change activities.

A concluding consideration is the context within which a project is approved and executed. Numerous assumptions will likely have been made about a project and its anticipated results before a project is approved for implementation. These assumptions may relate to the perceived need for the project, the anticipated usefulness of its products or the benefits of the technologies embedded in it. It is essential that the project be periodically reviewed and assessed in the context of these assumptions to verify its continuing validity. There is little benefit in delivering the wrong product, at the wrong time, for the wrong price.

[George Suffidy](#) has over 20 years in public sector purchasing and procurement. His responsibilities in the federal government included the conduct of line purchasing work, the procurement of complex, engineered systems as part of a Major Crown Project team and the direction of a regional supply and services organization. He is now a procurement consultant to [Bates Project Management Inc.](#)