



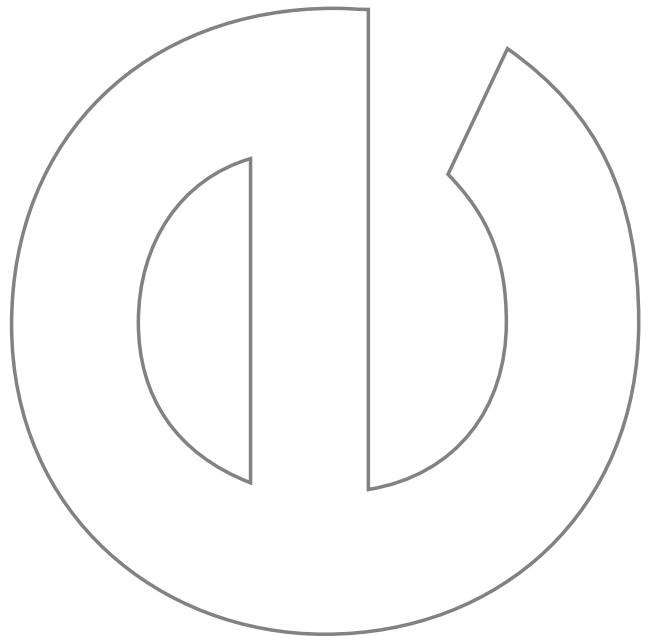
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Key Factors of Successful Projects

A CLIENT GUIDE

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KEY FACTORS OF SUCCESSFUL PROJECTS

The pitfalls of building and development projects and what makes a project "successful" by Andrew Graham, EPM Projects Pty Ltd

How often have you heard the claim about a project that was delivered "... on time and on budget"? I have to admit that my initial reaction is one of skepticism. In my experience few projects are planned and executed in a manner that they were truly delivered "on time and on budget". Even if this is the case, in my experience the measure of a successful project goes well beyond meeting budget and time targets alone.

I started work as an apprentice carpenter in 1981. Since that time, I have worked for small and large general building contractors in trade-based, supervisory, administrative and management roles; managed the delivery of telecommunications infrastructure and facilities across Australia; and managed the delivery and operation of the Sydney 2000 Olympic Games Headquarters in the lead up to the games and as the Venue Manager, Games Headquarters during the games. In 201 I established EPM Projects Pty Ltd, a client-side project management consultancy in property development where I am the CEO.

EPM has grown to a firm of 20 people providing consulting project management services in four market sectors - Independent Schools (of all sizes); Retirement Living & Aged Care; Commercial Office; and Health. Our projects range in size from the very small ~ \$50,000 through to the very large ~ \$100.0M.

If my experience has taught me anything, it is that projects that aren't executed according to a carefully considered strategy generally fail to achieve the optimum results and unnecessarily expose the project stakeholders to significant risk.

What therefore are the pitfalls and the key success factors of development projects according to my experience? I have arranged my thoughts under five broad categories:

1. Project Fundamentals & Priorities

Sadly many projects fall into distress simply because they were under researched and ill-informed from the outset. It's amazing that someone might spend so much time researching the purchase of a simple piece of technology and yet so little time researching the risk involved in a property development or building project.

Careful up-front 'due diligence' is critical to defining a project and thereby setting it on a firm foundation. It enables reliably informed decisions at the outset of the project about the scope, probable cost and timing of the project; how competing priorities (scope, cost and time) are to be managed; and how the project is to be delivered to mitigate risk and minimise operational impacts.

The first and single most influential piece of advice I can give is to take time to carefully research and establish the fundamentals of a project before committing to the project.

[Success Factor No. 1 – careful upfront research]

"The second most influential piece of advice I can give is to carefully select, brief and organise the project team."

2. Project Organisation & Resources

A "project" is by nature temporary. It has a beginning, a middle and an end [although many projects suffer a long and agonizing end because they weren't established on a firm foundation]. A project that hasn't been deliberately organised will naturally be 'disorganised'. An organised project has clearly defined stakeholders, project team members with clearly defined roles and responsibilities; formalised channels of communication and processes; and change-control and issues escalation protocols.

Consultants should be carefully selected and briefed. Most of the issues that will arise during the course of the physical building work will inevitably lead back to the quality of design which to a great extent will be influenced by the way in which consultants were briefed and appointed.

The second most influential piece of advice I can give is to carefully select, brief and organise the project team.

[Success Factor No. 2 – careful resource selection and organisation]

3. Project Monitoring & Reporting

You may have heard the maxim "what gets measured gets done" [attributed to Peter Drucker et al]. In my experience, a project that is regularly and systematically measured against the project fundamentals is far more likely to be declared a "success". This is because expectations can be managed even when things don't go to plan. Regular monitoring and reporting at each level of the project will enable issues to be dealt with in an orderly and timely way.

The third most influential piece of advice I can give is to seek regular meaningful reporting by your project team.

[Success Factor No. 3 – regular and meaningful reporting]

4. Project Procurement Strategy

I am regularly involved in preparing proposals to existing and prospective clients. If you have ever received a proposal from EPM then you would know that we generally include a detailed critical path project programme. In fact, the preparation of a programme is where I always start any proposal. This is because it causes me to think about and understand the ways in which the project could be procured and decide the strategy that best fits the priorities of our client.

First and foremost is the strategy for procuring statutory development approvals – no doubt you have all experienced the difficulty and frustration of obtaining approvals. There are however many "tricks of the trade" and you may be surprised how innovative, expert consideration can identify ways in which approvals can be obtained that can save considerable effort, time and cost.

Having decided the statutory development approvals strategy, a decision can be made about the most suitable method by which to obtain design and procure the physical building or fitout work - there are many. Each method carries with it a certain amount of risk for the client. The chosen method should reflect a deliberate decision about who is best placed to manage the risk i.e. the client or a contractor. Price should reflect this decision.

"The fourth most influential piece of advice I can give is to carefully research the options for obtaining statutory development approvals, and aligning the project procurement method accordingly and according to a conscious decision about risk allocation and management."

"The fifth most influential piece of advice I can give is to carefully select a contractor for a price that will enable its success and under terms that are expertly prepared, and carefully and expertly administered to protect your risk."

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[Success Factor No. 4 – carefully researched and deliberate project procurement strategy]

5. Contractor Selection & Management

I often say to clients and my team that 85% to 90% of the cost of a project is spent through the contractor and therefore the contractor presents the single largest project risk to the client. This should bring a fresh perspective to the importance of properly investing in a consultant team who will, to a great extent, determine the risk profile during construction and be the "client's expert advocate". This also highlights how important it is to select the right contractor. So often I see projects (outside of our own) fall into distress because contractors (and consultants for that matter) have been chosen on price alone. Beware of low prices – they are usually 'too good to be true' and will inevitably lead the project into trouble.

Tendering, negotiating, arranging and administering contracts and managing a contractor in a way that leads to the successful delivery of a project requires certain skills and experience, systems and enabling technologies.

The fifth most influential piece of advice I can give is to carefully select a contractor for a price that will enable its success and under terms that are expertly prepared, and carefully and expertly administered to protect your risk.

[Success Factor No. 5 – careful contractor selection and management]

I lead a successful business that at any one time manages between 20 and 30 vastly different projects. Our measure as to whether a project is successful does not revolve solely around cost and time but rather the extent to which a project achieved its objectives. I rest easy at night because we adopt the principles that I have discussed above which I commend to you as the '**key factors of successful projects**'.



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