

Scope for Improvement Too

If a project's client cannot ask for what it wants, the project team is highly unlikely to deliver what is needed!



Research by Blake Dawson Lawyers (now Ashurst), supported by the Australian Constructors Association and Infrastructure Partnerships Australia, reports on deficiencies in the scoping of numerous major construction projects in over the past three years. The report, *Scope for Improvement 2008* is based on feedback from the managers responsible for some of Australia's largest infrastructure projects.

Some of the key findings of the report include:

- Over 50% of projects were inadequately scoped prior to going to market
- The inadequacies were identified far too late with 64% of deficiencies only being discovered during the execution of the works
- The consequences of poor scoping are significant:
 - 61% of project experienced cost overruns,
 - 58% delays and
 - 30% contractual disputes.

We are not talking about insignificant projects either. The smallest project surveyed was AU\$20 million; the total value of the projects was approximately AU\$60 billion and the average project value AU\$360 million. The consequences were horrific:

- 25% of the 'mega projects surveyed (projects over \$1 billion) had cost over-runs of \$200 million or more.
- 20% of the smaller scale projects experienced cost blow-outs of more than 20 per cent of the project value, averaging \$7 million each.

The 2008 findings show inadequate scope specification is now an endemic problem in Australia with a growing trail delays, disputes and cost overruns; and worryingly, the 2008 survey has shown a slight deterioration from the initial 2006 survey. The full set of *Scope for Improvement* reports are:

- 2006 report: Infrastructure and construction projects:
https://mosaicprojects.com.au/PDF-Gen/BDW_Scope_for_improvement.pdf
- 2008 report: Scoping practices in Australian construction and infrastructure projects:
https://mosaicprojects.com.au/PDF-Gen/BDW_Scope_FI_2008.pdf
- 2011 report: Project Risk – Getting the right balance and outcomes:
https://mosaicprojects.com.au/PDF-Gen/BDW_Scope_for_Improvement_3.pdf
- 2014 report: Project pressure points – where industry stands:
https://mosaicprojects.com.au/PDF-Gen/BDW_Scope_for_Improvement_4.pdf

The three primary causes of the problems outlined in these reports are:

- The lack of experienced and sufficiently competent personnel
- Insufficient time to prepare the scope documents, particularly given the lack of adequate skills



- The lack of adequate consultation with, and the involvement of end users and key stakeholders.

In many respects, these findings are similar to the research conducted by the CIOB focused on scheduling¹. The CIOB survey showed an interesting separation between the smaller ‘simple’ projects and larger complex projects – the simple project seemed to succeed without sophisticated scheduling. A similar trend can be seen in the Australian survey with a 25% increase in problems between the ‘smaller’ projects and the mega projects.



In both cases, the underlying cause of the problems seems to be a shortage of skilled project practitioners capable of delivering the key support functions needed by clients and project managers alike. It would appear major projects won't be successful without support from skilled schedulers², cost controllers, administrators and specification writers (or in IT business analysts). Whereas, smaller projects can be successful with the project manager acting as a *jack of all trades*.

The solution to these problems sits with management. Client management need to allow sufficient time to properly understand the project, particularly its scope and associated risks³. Delivery/contractor management need to invest in training staff in the skills needed to be able to adequately plan, manage and control the project.

Unfortunately, in the years since the original studies, in many projects nothing much seems to have changed!

¹ The survey is discussed in: https://mosaicprojects.com.au/PDF-Gen/Keith_Pickavance_Conversation.pdf
A significant outcome from the CIOB work has been the publication of '**Guide to good practice in the management of time in major projects**': <https://mosaicprojects.com.au/shop-guide-to-good-practice.php>

² Mosaic's PMI-SP course is designed to help practicing schedulers lift their skills and knowledge. For more see: <https://www.planning-controls.com.au/pmisp-courses/>

³ One of the significant consequences of failing to adequately define project scope is an increase in claims and contract disputes. The cost of the dispute and often equal the cost of the error! For more on claims and forensic analysis see: <https://mosaicprojects.com.au/PMKI-TPI-080.php>

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