

Project Change Management

The Origins of Change

The Reality

- Despite the best of intentions, thoughtful planning, and early recognition of and mitigation of risks to a project – change *will occur*. This change may impact the project's scope, budget, and execution schedule.
- Changes that occur during a project might (1) be necessary, and (2) may be beneficial and actually enhance the project as-delivered.
- One measure of a project's success – rightly or wrongly – will be the comparison of *Budget vs. Actual*, or the Cost/Time additives due to *Change*.

The Need

To Manage Change by:

- 1) Properly discerning Change from Scope.
- 2) Permitting or accepting Change only if necessary.
- 3) Permitting Change whenever a benefit is provided to the project.
- 4) Optimizing the Cost/Benefit ratio of Change.
- 5) Communicating the need and justification for Change to all appropriate parties.
- 6) Identifying and understanding the 'root cause' of each Change.

This presentation – one of a series – will focus on item 6: Identifying the 'root causes' of Change

The Challenge

To understand *why* Change occurred and *what* caused it.
Categorize Change by 'drivers' – benefits:

- Identify/correct root causes – prevent repetition on this project.
- Process improvements – prevent repetition on future projects.
- Communicate and take 'credit' for 'good Change', i.e. instances in which a \$ of Change resulted in a \$ (or more) of added value.
- Promote knowledge and understanding of *where* the budget went and *why*.

We Believe

Change is too often attributed to incorrect reasons –
“...we overran the budget because of *Design changes...*”, or
“...the cost increased because of *delays* to the project...”

The reasons given for Change often describe the *effects* of Change rather than identify the *causes* of Change.

Change that benefits the project and adds value to the owner – even if increasing the cost/time of the project – is rarely identified.

Good Project Management requires good Change Management – and that begins with an understanding of why Change occurs.

Change: The six primary causes

- Programming Evolution
- Market Conditions
- Oversights, Errors, or Omissions
- Performance Failure
- Changed Conditions
- Time Related Considerations

Programming Evolution

Change in or to the *Basis of Design* as reflected in the Baseline or Budget Estimate

Caused by:

- Functional enhancements to Baseline design: newer, different, better uses or functions
- Operational enhancements to Baseline design: Easier maintenance and/or lower life-cycle costs
- Programming changes in which intended use of facility is modified

Because of:

- Technological evolution or maturity
- Owner shifts in budget or realignment of capital plan priorities
- Value Management

Market Conditions

Caused by:

- Unanticipated and unpredictable shortages of Materials, Labor, or Capital
- Unanticipated and unpredictable Price Escalation

Because of:

- War, Third-party labor actions, Regulatory conditions, Capital migration to other investments, 'Glamour' or more lucrative projects nearby, etc., etc.

Oversights, Errors, and Omissions

Caused by:

- Defective Contract Documents
- Estimating shortfalls and omissions
- Programming errors

Because of:

- Ambiguities, inconsistencies, and conflicts in and between document content
- Incomplete documents
- Incorrect or insufficient assumptions

Performance Failures

Failure to complete or deliver contractually committed events in a timely manner:

- Drawings
- Materials
- Labor
- Payments
- Permits
- Approvals
- Access
- Needed and entitled clarification or direction

Changed Conditions

Changes to appropriate and reasonable assumptions used in The Baseline Estimate that are rendered not valid because of:

- Site or subsurface conditions
- Weather conditions

Time Enhancements

Premiums for actions related to schedule gain or earlier-than-required completion

These are decisions to ‘purchase time’ in the project execution plan, and are not considered to be the *consequences* of or to result from other causes. Rather these are deliberate and proactive decisions that are, in fact, *causes* for other impacts.



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