# The importance of strong and effective project oversight to project success

Nuclear projects are large and large projects are hard. They are hard to organize, and they are hard
to execute. We have seen what happens
when we try and convince people they are easy — or that we can make them easy
by shifting the risk onto the vendor/contractor — and then expect everything to
turn out all right.   The outcome is either a project that is cancelled before it starts, or that runs over budget and over schedule.

Last year we did a three-part series on how to manage nuclear costs. We focused the discussion on how to build to cost and schedule, how to control the cost of capital and finally, how to control the capital cost. Today we are going to focus on an essential element of managing large projects to cost and schedule — project oversight. Project oversight can mean both the direct project management of a project, as well as the indirect and independent oversight that may be put in place by project investors or customers. In all cases, the need is the same. We must make sure projects are well managed and proper oversight plays an essential role in meeting this objective.

The purpose of project oversight is to ensure the project is proceeding on time and on budget — and of more importance, that problems are identified early so that corrective action may be taken while the cost to correct the issues are manageable.   In our work on various nuclear projects we have identified a set of three pillars for successful project oversight:

Project Oversight

Pillars: Transparency | Project metrics | Robust risk management
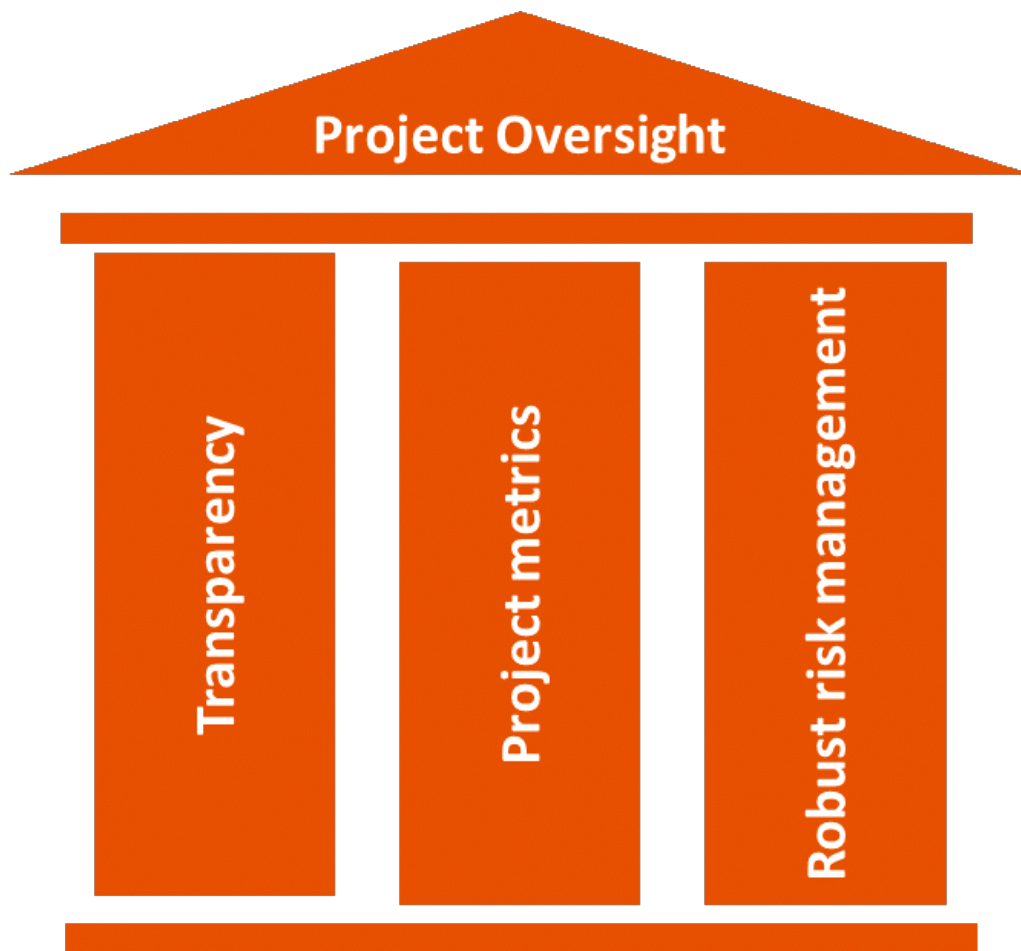
Transparency – Transparency
incentivizes good behaviour. The owner and
other stakeholders must all have complete transparency through
to every project
detail. Once there is project transparency,
it becomes clear that all project participants must line up
with the same
objective, completing the project successfully.
Don't listen to contractors that say they are taking a firm
price so you
can't see the project details – no matter what the contractual
model, there can
be no secrets when it comes to project progress. This is the
only way to see issues early and then
take decisive action to resolve them quickly and efficiently.
Otherwise, there will be delays as the
contractor will only approach the owner for assistance after
all other efforts
have failed, greatly increasing the cost of correcting the

issue and adding
time that cannot be recovered.

**A strong set of
project metrics** – numbers don't lie, people do. The next step
adding to transparency is to
base project reporting on a clear unambiguous set of project
metrics. These metrics must be kept current and be
used to assess real project progress. If
there has been poor progress in the past period, the metrics
will show it, but
more importantly, force a realistic recovery plan. We have
all seen reports that say things were
slow last week but will be made up next week – but the numbers
show that this
is not possible without adding resources i.e. to make up time,
you need enough
people to do the planned work for the next period AND the
additional work that
is behind. Metrics keep the project on
track and demonstrate where there are issues that need
attention, and then whether
the attention is having the desired impact.

**A robust risk
management plan** – we don't create confidence by being told not
to worry and
that everything is under control; rather we want to know the
risks are well
understood and that a mitigation plan is in place should they
be realized. Large projects will have things go
wrong. It is inevitable. It is what we do about it and how
well
prepared we are that will make the difference on the project
outcome.

All big projects are hard; nuclear projects are not unique.
Clear precise reporting is an important

element to understand project status and take action for project improvement. We have all been on projects that have "what
I did on my summer vacation" type reporting telling us what has been achieved
in the last period without providing context.
This will not get the job done.
However, if a project has adequate oversight based on these three pillars,
it has the tools in place necessary for project success.
Remember, success means finding ways to manage
and mitigate risk, not pretending it doesn't exist because it has been passed
on to specific project participant making it their problem.
 As we have said many times, there are no
scenarios where your contractor fails, and you succeed.

Nuclear plants have an important role to play in our current and future energy mix. To properly play
its part requires projects to be economic with predictable outcomes. If we do our part to demonstrate we can
deliver on our commitments, we can then work to secure more support from our stakeholders,
and of most importance, the public.