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AACE Transit Forum Series for Next Generation Project Controls:

Differentiating Project Controls from Project Management

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AACE Transit Forum Agenda

- **Differentiating Project Controls from Project Management (slide 3)**

- Key Performance Indicators (slide 8)

- Making Improvements Based on Organizational Maturity (slide 9)

- Quality Assurance and Stage Gating for Capital Projects (slide 10)

- Best Practices Implementation (slide 11)

- Making the Best Use of our Resources (slide 12)

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Differentiating Project Controls from Project Management

Focus Area	Project Management	Project Controls
Objective	To lead project teams and manage all aspects of projects from inception to completion.	To focus on measuring and reporting the progress and performance of the project.
Scope	Broad, covering scope, quality, cost, duration, resources, and risks.	More focused, primarily concerned with cost, time, and resource optimization.
Responsibilities	Leadership, stakeholder engagement, risk management, resource allocation, quality control, and overall decision-making.	Monitoring and controlling project schedules, costs, and resources. Ensuring the project stays on track according to plan.
Tools	Project management software (like Primavera P6, MS Project, and Asana), Waterfall and Agile methodologies, cost and risk management tools.	Scheduling tools (like Primavera P6), cost management software, performance metrics, and reporting tools.
Outputs	Project completion, achieving project goals, satisfying stakeholders.	Detailed reports on project status, forecasts, and trend analysis.
Focus	Strategic and tactical.	Analytical and supportive.

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So... What's the Value?

1. **Early Warning System**: Project controllers serve as an early detection mechanism, spotting potential deviations before they escalate. This capability is crucial for maintaining project health.

2. **Preemptive Corrective Actions**: Their early detection skills allow for timely interventions, ensuring issues are addressed before they become more severe.

3. **Budget and Deadline Alignment**: Project controllers ensure that our projects remain aligned with set budgets and deadlines, meticulously monitoring the project's progress.

4. **Overseeing Key Performance Indicators**: They monitor the project's key performance indicators closely, ensuring that every aspect that could impact our timelines and costs is under control.

5. **Steering Projects Toward Goals**: The insights provided by project controllers are instrumental in guiding our projects toward their objectives, facilitating informed decision-making throughout the project lifecycle.

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Project Controls Value Areas

Value Area	Description
Budget Management	Tracks and manages budget, preventing overruns.
Schedule Oversight	Monitors project timeline, identifying and addressing delays.
Risk Mitigation	Identifies and mitigates financial and scheduling risks early.
Decision Support	Provides data for informed decision-making.
Performance Analysis	Assesses project performance, highlighting improvement areas.
Stakeholder Communication	Ensures accurate, timely information to stakeholders, enhancing trust.
Compliance and Governance	Maintains adherence to financial policies and regulations, ensuring project integrity.

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Why is Project Controls De-Valued in Some Organizations?

- **Lack of Visibility:** Their behind-the-scenes work in planning and risk assessment is only sometimes visible.

- **Misunderstanding of Role:** Often perceived as administrative, project controls possess expertise crucial for project success. These professionals delve into project dynamics, going beyond mere numbers to provide invaluable insights.

- **Complexity and Specialization:** The technical nature of project control methods can be daunting, leading to underestimating their value. Unlike accountants who primarily focus on financial figures, project control professionals interpret these figures to assess their impact on project performance and objectives.

- **Integration Issues:** Poor integration with other project functions can diminish their perceived importance.

- **Short-Term Focus:** Focusing on immediate results can overshadow the profound and lasting benefits that project controls can bring to a project's lifecycle.

- **Cultural and Organizational Factors:** Organizational culture can affect the value of project controls.

Educating stakeholders on project controls goes beyond mere data analysis. It thoroughly examines financial and performance indicators to assess the project's condition. Integrating this understanding into strategic decisions underlines the importance of project controls for successful outcomes, providing a clear view of the project's future direction.

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Differentiating Project Controls from Project Management – *Q/A*

1. How independent is your project controls function? Are project controls considered a combined function of finance or project management, or are they recognized as distinct disciplines within the organization?

2. Does the company maintain a dedicated Center of Excellence for project controls?

3. Is there an established Project Management Office (PMO) Center of Excellence within the organization?

4. Are there specific certification requirements for personnel involved in project controls?

5. What are the primary factors influencing the company's approach to project controls?

6. Does the organization place a high value on maintaining independent project controls?

7. What are the typical composition and functional roles of a project control team?

8. How does the organization ensure continuous improvement and adherence to best practices in project controls?

9. What are the key performance indicators (KPIs) the company uses to measure the effectiveness of project controls?

10. Describe the integration between project controls and other project management functions within the company.

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Key Performance Indicators (KPIs)

- Identify and track KPIs to measure project performance.

- KPIs should align with project objectives and organizational goals.

- Examples include cost performance index (CPI), schedule performance index (SPI), and earned value metrics.

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Making Improvements Based on Organizational Maturity

Nearly all project organizations strive to improve the way they deploy capital. However, improvement feasibility depends on organizational capabilities and maturity.

- Have you assessed your organizations maturity? If so, what resources did you employ?

- What is the current assessment of your organization's maturity?

- What improvement initiatives are you pursuing?

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Quality Assurance and Stage Gating for Capital Projects

- Ensuring project readiness and assurance is critical for success.

- Utilize comprehensive tools to assess readiness and mitigate risks.

- Examples include risk assessments, readiness checklists, and assurance frameworks.

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Best Practices Implementation

- Implementing best practices enhances project efficiency and effectiveness.

- Establish standardized processes for project execution, monitoring, and reporting.

- Encourage continuous improvement through lessons learned and feedback loops.

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Making the Best Use of our Resources

Smart staffing in project management ensures that tasks are assigned to individuals with the right skills, significantly boosting efficiency and the quality of outcomes. Effective resource allocation, on the other hand, optimizes the use of available resources, reducing waste and costs, which is fundamental to achieving project goals and stakeholder satisfaction.

- How does smart staffing contribute to optimizing team performance and enhancing project outcomes?

- In what ways does efficient resource allocation impact waste minimization and success maximization in project management?

- How do we determine Project Management and Project Controls staffing for projects?

- Is anyone utilizing Artificial Intelligence or Machine Learning to process, analyze, and visualize data?

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Conclusion

- Leveraging readiness tools, Project Controls expertise, best practices, and KPIs are essential for successful capital projects.

- Continuously refine strategies based on project outcomes and evolving industry standards.

- Thank you for your attention. Let's drive project success together!