

Project Cost Control - Is Project Cost Control Like Flying a Plane?

The Project Execution Plan

A Project Execution Plan (PEP) gets all the parties involved in a project to work as a team to plan, make decisions, define issues, risks, and answers to the classic "Who, What, Why, Where, When and How?" questions. Project Execution Planning is a fundamental for high quality project management. Developing a well defined execution plan, that everybody is aligned with, helps determine the project's path and degree of success. The PEP is developed in the first stages of the project and is updated as the project moves through the life cycle phases. You should consider the PEP as a "living document" . The project team updates it to reflect the latest developments and business conditions, and to identify unresolved issues and steps for resolution. Developing and executing a PEP helps to assure consistency between the team's actions and the business objectives that originally spawned the project. To be a good project teams the project needs a good PEP that is developed using the key stakeholders.

As mentioned before, when we are deeply involved in the subject matter we become blind to the obvious and this can result in key assumptions being accepted without question. Using the key stakeholders to develop the PEP can help alleviate this problem.

PEP Development

Steps to consider in the preparation of the PEP (this depends on project size):

- Assign a coordinator for the Project Execution Plan
- Assign owners responsible for completing (writing) each section of the PEP
- If possible, find a sample PEP document to go by.
- Set up a review and approval process, with a schedule so all team members can have input into all sections of the PEP.
- Assign resources to complete the document, We had technical writers on staff to review the grammar, etc, to help us out
- Establish a plan to update PEP for the next end of phase approval package.

Committed Costs

It can not be stressed enough to always use committed costs and not actuals. Throughout the project you will reconcile your numbers with accounting numbers to keep your books up to date. The problem with depending on the company accounting program is you don't know what accounting is doing with the numbers and how long it takes for the information you need to get to you.

We always used our own accounting system with committed costs. We had one project where the project was complete, the equipment was up and running but the Owners accounting system showed us as 75% complete. They were wondering when we were going to complete the project. On another project the Owner wanted us to use their widget accounting system. What we did was develop our own committed cost system and gave the accounting group the numbers they wanted.

You need to do what you can to make sure you are not using an accounting program used for selling widgets for your project management accounting system. With todays technology there is no reason you can not set up what you need.



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Engineer, Author, Trainer. (bmojmhs@gmail.com) Join us on-line in June 2021 for our D617 "Fundamentals Of Project Management" Workshop. Information and Registration at https://training.rpsgroup.com/Courses/Fundamentals_of_Project_Management/D617/T617a21VC