
 <p>The cornerstone of confidence™</p>		<p>November 2002</p>
<p>The following is a series of articles addressing construction projects whose delivery dates are slipping.</p>		<p>Article 1 of 6</p>
<p>PinnacleOne Institute Custom, In-house Training and National Seminar Series</p> <p>Program & Project Management</p> <p>Dispute Avoidance & Resolution</p> <p>Real Property Advisory Services</p> <p>Headquartered in Phoenix, PinnacleOne regional operations are located in Irvine, Los Angeles, Sacramento, and Hartford, CT.</p> <p>To view a specific back-issue of this newsletter, please <Click Here></p>	<div data-bbox="409 391 1442 440" style="border: 1px solid black; padding: 5px;"> <p>WHEN WILL MY PROJECT FINISH?</p> </div> <p>Two emotions that often drive a person to an attorney are fear and anger. Construction is both expensive and risky. The hint of late delivery can evoke either emotional response. These articles address practical remedies to alleviate or mitigate the damage that late deliveries can bring.</p> <hr/> <p style="text-align: center;">PROJECT HISTORY</p> <p>Tell me your history. Yogi Berra, who always has quotable malapropisms said, "It's tough to make predictions, especially about the future." The quote I find most comforting is from one of the most famous of our founding fathers, Patrick Henry. His quote is more appropriate, "I know no way of judging the future but by the past."</p> <p>Whenever I am called upon to status a project the first assessment is what has been the history. In some cases cataclysmic events which are readily definable are mile- stones on the late delivery trail. These items include: accidents, natural disasters (fire, flood weather etc.) or foundation/structural difficulties. Invariably some accommodation to these events is made, a new completion date or a planned extension of the original date is agreed upon and now that is slipping. What happened?</p> <p>The obvious answer is that managing the recovery is more difficult than managing the original project. The team which may be quite capable of constructing the project as planned actually does not possess the added resources or managerial skills to rectify the new issues.</p>	 <p>Peter J. Scavello, P.E., Senior Project Manager with PinnacleOne, is an expert in construction. He is often called upon by public and private owners to determine the project status and recommend solutions to delivery. Scavello has testified as an expert on such matters in numerous venues including the US Federal Court of Claims and has advised both public and private owners on solutions to these problems.</p> <p>Mr. Scavello is located in PinnacleOne's Irvine, CA office at 949-854-5237.</p>

More often the approaching late delivery is insidious. The owner gets hints from a change in behavior of the project construction team and most identifiable the project manager. From the contractor perspective the upper echelon of the contractor team begins realizing that the reports of their project manager allow neither time nor remaining budget to complete the project.

From the contractor perspective the symptoms generally first manifest themselves as a difference between what the Contractor's Project Manager is reporting and the percentage completion being approved by the owner's representative. Reasonable explanations first emerge from the Project manager such as we are awaiting change order approval or we have to modify the schedule and I need to discuss it with the subcontractor. When it goes on too long that sinking feeling of doubt begins to arise in the pit of the Contractor's stomach.

At this stage sorting out blame is not nearly as important as developing a recovery plan to minimize the impending late completion. There are three steps which can begin the road to recovery. These are:

- 1) Status Exactly Where The Project Is** - (This was what all the Project Controls documentation has been failing to do.)
- 2) Develop A Recovery Plan** - This should identify the cause of the delay and the precise steps required to correct the problem.
- 3) Monitor The Recovery** - It is not possible for the original management team to objectively report on the new progress since so much of their energy has been devoted to justifying the past performance. Objective statusing of the project progress is necessary to assure the plan is working toward completion.

The most important portion of this effort is to begin planning for the project delivery to occur at the new predicted completion date. This includes, logistical consequences of relocation, outfitting or production, depending upon the type of project. It also includes the financial consequences resulting from the increased financial burden of the delayed start of the economic return the project was intended to bring.

Recently, a new a manufacturing facility was completed. The final tally indicated a 4 month delay and a \$60 million dollar over run. The original estimated cost of \$350 million expenditure was based upon repayment produced by the large quantity low per piece profit of the plant output. The post mortem analysis clearly indicated that the plant never could pay back the capital costs due to the overrun and delay. The best outcome for the owner was to operate the plant for its 30 or 40 year life cycle and perhaps recover its original investment. This is a sad result for such a large expenditure of human effort. The old adage, "Time is Money" can not be more appropriate when it is applied to a major capital project.

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