



PROJECT MANAGEMENT

In the Geospatial Community

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The Project Management Professional (PMP)[®] and the geospatial profession – Contract/Scope of Work Review

In recent years there has been a real acknowledgment of the need for risk management in the worlds of project management and quality. The release of the Project Management Institute (PMI) [®] Project Management Body of Knowledge (PMBOK)[®] Fifth Edition and the International Organization for Standardization (ISO) 9001:2015 Standards have both evolved to have a stronger focus on risk and risk management. Both organizations have identified that risk needs more attention than either has given it in past versions of the PMBOK or ISO 9001 standard. During their PMBOK/ISO 9001 review cycles both organizations looked at where typical failures are in both process and project management. They identified that much of the shortcomings occur in the area of risk and the failure to manage it. Our industry is no different.

As a project comes to life, inevitably there is pressure from all stakeholders to get the contract signed as quickly as possible. For example, Sales wants the contract signed so that they can officially note it as a “Win” while operations want to get the project under contract so that it can be officially placed in the backlog. There are many reasons that drive getting the contract signed but everyone is united in their goal to get the project started.

The contract, which for the purpose of this conversation includes the Scope of Work, is the foundation on which the entire project is built and against which success is measured.

At any point in the project lifecycle that we encounter a question that needs answering, a differing of opinions, or general disagreement that needs a resolution, we refer to the contract.

If that document is unfavorable, poorly written, incomplete or otherwise lacking, the project is unnecessarily burdened. All too often during the frenzy of project startup with the added pressure to “get the contract signed” we miss a critical opportunity to employ project risk management techniques. Sadly, this miss is one that we pay for later in the project or long after.

In general, this is what I would call a non-favored activity. Few of us that find ourselves working as project managers

in the geospatial industry have a history in contract law. Even fewer of us having worked around contract law for any portion of our career really and truly enjoy it. Unfortunately, that tends to result in our inclination to do the bare minimum in or outright ignore the contract review phase. We instead tell ourselves that we will focus on the details later. For now, “this will do” and we will simply manage things as they come up, accepting what is put in front of us, signing and charging forward. Ultimately that’s pushing unknown risk forward and increasing the likelihood of some element of project failure. Project Managers need to proactively identify the risks in the contract and mitigate them as much and as early as possible. It is critical to take the time to ensure that the contractual intricacies are appropriately managed.

What that process actually looks like will vary from organization to organization, depending on such things as the organizations size, maturity and risk profile. Some have dedicated staff that focus on the contracting phase while others expect the Project Manager to handle it entirely on their own. Regardless the Project Manager needs to be invested in the process to ensure that the best possible resulting contract is in place. As Project Managers we need to know what we have committed to and what our full exposure is before we actually begin, we need to focus on those areas with as much diligence as we do with a project estimate.

When we are not specific enough in the content of our contract we leave it open to interpretation by the other party in the contract and by a non related third-party in the case of mediation or court. The more precise that we can be and the more ambiguity that we remove the better the position we are in if there is any form of conflict. It makes interacting with the stakeholders much simpler and it’s ultimately in the best

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interest of all parties to the contract. Taking a short path to get the contract signed does not make it easier it simply pushes any hurdles to another point in the project.

Strive to make everything as precise as possible. I know what you're thinking, in our industry not everything is going to be precise and that's why we have error budgets and accuracy statements, not everything is perfect. Understanding that, we need to be very plain and clear about what those standards or accuracy statements are so that we can ensure that the expectations of all the parties are being met. Taking the time to ensure this type of information is clear during the initial contract review phase is far simpler than during the execution phase during a possible conflict.

Terms and conditions are an area where people are in general very hesitant to request changes. Often there is this general assumption that the other party will be upset or otherwise annoyed with us if we request anything. Granted it doesn't help when those terms and conditions come as a part of a Request for Proposal (RFP) that does everything it can to strike fear in our hearts about doing anything other than accepting all terms as written, no exceptions. They are actually a great opportunity for the Project Manager to take the first cut at mitigating risk. Polite and professionally requesting modifications are often entertained and result in better terms for your organization.

This is true regardless of the size of the organization that you are dealing with. Over the years of managing projects and working on both sides of a contract I have learned that even the largest most complicated company will entertain requested changes to contracts. I have often heard the argument that "they are far too large to change their terms" and that simply isn't true. Contracts are typically written to favor the presenting party, if asked they are willing to change some of the terms. As the Project Manager, any change that moves the terms in a positive direction for your organization is valuable and is worth the ask. One thing is for certain, if you don't ask for any changes you won't get them.

Spending the time to review the terms and conditions and the scope of work and really investing that upfront time in the planning to mitigate the risk is without a doubt worth doing. Begin with the end in mind, you're trying to write a document that will serve to remove ambiguity and that will limit your risk. If a third-party were to mediate the document, you want it to be very clear as to whether both parties did or did not meet their obligations.

Key Items to consider

1. Specificity, specifications and acceptance criteria
 - a. Being precise will help define success on the contract for both parties. Don't be afraid to bulk up

- b. Remove ambiguity
2. Are all assumptions defined?
3. Be very sure that all assumptions by either party are clearly identified
4. Is the contract fair and reasonable?
 - a. Regardless of which party was its author it needs to be fair and reasonable
5. Don't assume that changes will not be entertained.
 - a. Are the terms favorable to your organization? What terms are not in your best interest? Identify what is not favorable and ask for a change. Removal, modifications and additions are all options.
6. Were a third party not of our industry tasked with determining what party had fully met the terms of your agreement would you be able to show specifically how you did?

Being Proactive

1. Consider stating in all your responses and offers that you would like the opportunity to discuss terms and scope of work further, yes even if it says to beware of doing so. You don't need to specifically identify which ones at the early stages, you simply want to leave the door open to do so in the future. There are ways to make your request without making it seem that you are non-compliant to a response or too difficult to deal with.
2. Present your own Terms and Conditions with your proposal. Often times we are asked for a quote through more informal means, use this opportunity to provide your terms and conditions up front.

Taking the time to focus on risk mitigation in advance of signing the contract is key to managing project risk. The risks presented in the contract will span the entire project lifecycle and beyond. Taking the time to do so despite any frenzy to "get it signed" or "get the estimate in" will ensure that your project is positioned with the best possible start.

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Raquel is very focused on process based approaches that unite program and business objectives, resulting in portfolio success.

If you have questions or topics that you would like to see discussed, please email them to PMP@asprs.org.