

On Time and Under Budget So What?

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Sydney Opera House



Macquarie *Advanced Business Concepts*

Project Orion



- PMI's International Project of the Year 1997

Traditional Project Management

Pinto & Slevin

“Projects are often rated successful because they have come in on or near budget and schedule and achieved a successful level of performance.”

Project Management Scorecard

- Cooke-Davies

- Schedule

- Cost



5% late

4% over

Do Cost and Schedule Matter?

YES

- Contract
- Component in an assembly
- Late-certain events

2002 Olympic Winter Games



- Projected \$100 million deficit
- Actual \$400 million profit

Key to success: **profitability**

Batu Hijau Copper Mine

- \$100 million under budget
- 1 month early



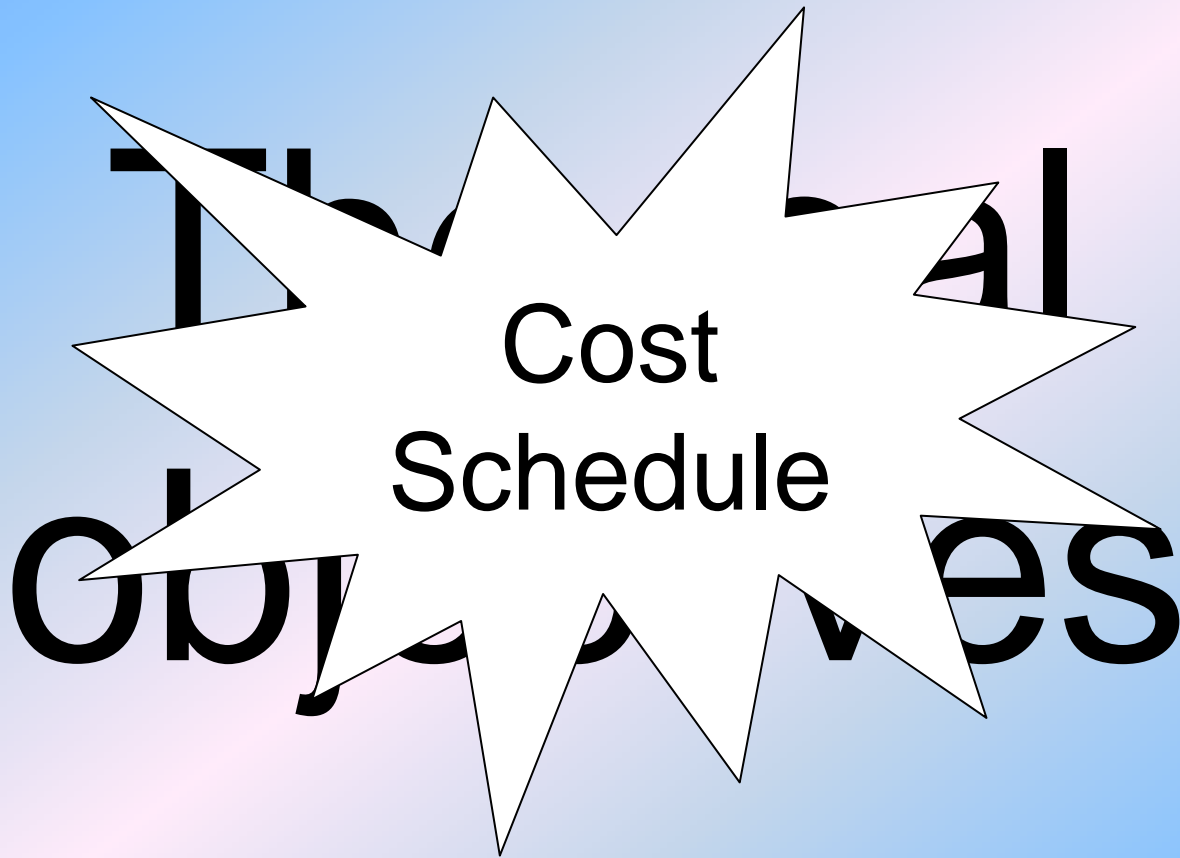
Key to success: rapid startup

Manufacturing Debottlenecking Program



- Original schedule:
18 months
- Actual completion
5 years

Key to success: **production**



Project Management Today

Project managers must formulate objectives in the customer's terms

- Enhanced revenue
- Increased productivity
- Operating efficiency
- Customer satisfaction

“The result is that while project management has historically been seen within a well-defined context of executing a task ‘on time, in budget, to scope,’ it is increasingly being seen that it has to operate within a much broader, and subtler environment.”

-Peter Morris, 2003

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