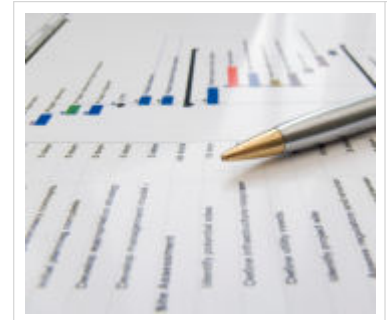




How Gantt Charts Can Help Avoid Disaster

By Linda Russell

Having run 15 months late on completion of a construction project, a building company incurred extensive penalty charges, which eventually led to its closure. Not having any project Gantt charts indirectly led to the company's failure.



Background

In my article "Gantt Charts, Pert Charts: What Use are They?" I said that Gantt charts are useful tools to help you manage better, but they won't give you all the answers. What I didn't say is that not having a Gantt chart can be disastrous: a company recently went into receivership, partly because it didn't have Gantt charts showing the critical paths on a major construction project.

Penalty Charges

The original contract for the construction of a block of flats did not include a dated project plan showing the critical path. When changes to the specification were made by the customer, no plan revisions could be produced to show how these changes would affect the project end date. The flats were finally ready for handover some 15 months later than the original agreed end date, leading to penalty charges.

In order to contest the penalty charges, the company needed to show:

1. The handover date specified in the contract was possible within the original specification.
2. That the end date was bound to slip because of the extra tasks and extended durations caused by the customer's changes.

All they had was a series of spreadsheets listing the tasks undertaken: a new spreadsheet was created when each change was made. The spreadsheets didn't show the variances from the original plan, nor what the impact of those changes was on the project dates.

How Gantt Charts Would Have Helped


If they had created a Gantt chart at the contract stage, they would have had a baseline plan against which they could monitor their progress.

When the customer requested amendments to the specification, the company could have added in the necessary extra tasks and changed the durations of the existing tasks as required: this would have clearly shown the handover date slippage. The customer could then have been called upon to sign an amendment to contract, agreeing a revised end date.

Without these tools, the company was unable to prove that the delay was not caused by their own inefficiencies, although it could be argued that trying to manage a complex construction project without using appropriate planning tools is an indication of inefficiency in itself.

Conclusion

If you are called upon to manage a project for a customer where time is of the essence, you need to use appropriate tools, such as Gantt charts, to monitor the plan and work out the impact of changed circumstances, and communicate the changes to all concerned.

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