



White Paper 2016-10

Why the Contractor Should Own the Float in Lump Sum Projects, and Why The Float Should Be Made Visible

One of the most controversial issues in Project scheduling is the question of float ownership. Opinions vary in this respect and it also greatly depends on the format of the contract. The uncertainty on the outcome of the debate leads to float being hidden in Project schedule. As a result it is not really controlled by the Project Manager and this leads to significant performance issues. We firmly believe that the Contractor should own its float, and that it should be made visible in the schedule in the form of a buffer to constraint delivery and measure performance.

Who Owns the Float?

In contractual discussions related to schedule, the respective responsibility of the Owner and of the Contractor is always a matter for debate. These issues have created a large jurisprudence which evolves constantly, and is the subject of many contract management books. We will here discuss only some fundamental principles commonly accepted. Of course, these need to be reviewed with the particular Contract's provisions in mind, which might contradict those default general principles.

One such subjects is the ownership of the float, i.e. the time lapses between activities or at the end of the project, which allow some buffer, and which can be used to cushion delays without impacting completion dates.

We believe that for lump sum contracts or equivalent, a general rule should be that the Total Float should belong to the contractor up to the point of showing it plainly in the Project schedule, in order to protect it. As a matter of fact, the contractor takes the responsibility of a completion date in exchange for a share of the value of the contract, which is part of the risk apportionment in the agreement.

The float shall therefore be built in schedules actually as a contingency buffer to protect the Project's Completion Date. It is important to include this issue in the contractor's contractual principles, and in the establishment of the schedule, by explicitly including for time allowances at certain critical or highly uncertain steps of the Project. Instead of hiding reserves, we trust that it is a good practice to show them clearly as part of the contractor's entitlement and execution plan, and then manage openly their evolution and consumption.

This will in particular allow these reserves to be managed and assigned consciously by the Project Manager, instead of letting all contributors take advantage of slack in the schedule, without understanding how it could impact the overall Project.

This methodology does not deprive any party of the opportunity to use the existing float, but allows to do it while being conscious of the additional risk burden imposed on the Project, of the costs linked to it, and possibly of the loss of opportunity. It will ultimately render demonstration of Extensions of Time much clearer and easier for all parties.

How to Use Explicit Buffers During Project Execution

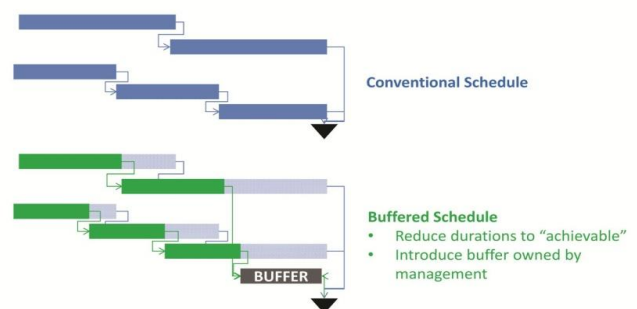
The most important in the usage of Project buffers is that they should be 'owned' by the Project Manager and Project team personnel should have to ask permission to use part of it to offset some unexpected events. This gives back control to the Project Manager and allows him to use these buffers in line with the Project purpose. It is a significant advance compared to the traditional situation where there are implied buffers in the schedule

created and used by contributors without knowledge or influence from the Project Manager.

Project buffers allow a healthy monitoring of the effective convergence of the Project. During the Project execution, the

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evolution of the Project buffers can be monitored and corrective measures taken early if this evolution becomes divergent, way before the delivery date of the Project is impacted. Project or gate buffer monitoring can be done similarly as described in our White Paper [2016-06 on Float Monitoring Techniques](#).



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The main benefit of the buffer method is to have at Project Manager level an accurate knowledge at all times of the conservative assumptions that have been introduced in the Project schedule. These can be shared and discussed explicitly with interested stakeholders.

A secondary benefit is a much better usage of opportunities. In conventional scheduling practice, it is very rare that opportunities linked to shorter than

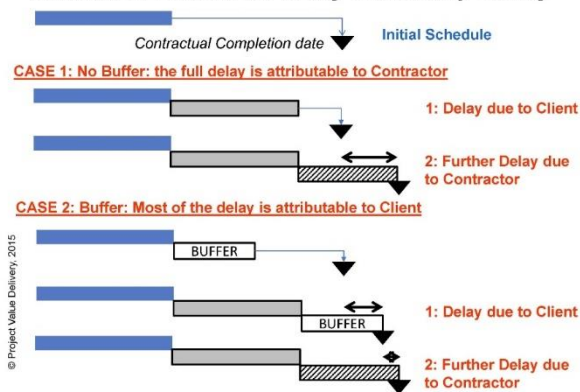
expected durations of activities, if they arise, are effectively exploited for the Project. By making sure that the time estimates are not padded, the baseline schedule is more aggressive which allows for a better utilization of the possible opportunities – while protecting the delivery date with a buffer. Leveraging opportunities when they arise can be further enhanced by identifying the critical resources involved in the critical activities and making sure they are ready to work even if the previous activity finishes earlier than expected.

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How the Buffer Owned by the Contractor Protects it from Client-induced delays

An example is shown in the following figure, where a delay attributable to the Client is followed by a delay from the Contractor. Without visible buffer, the Contractor takes the full responsibility of the delay; with visible buffer, it is much clearer that most of the delay is in fact due to the Client. It also shows clearly what the share of the Client’s delay that should be compensated is. This should lead to a fairer resolution.

Benefits of Buffers for Delay Ownership Clarity



Conclusion

Float ownership is a serious issue and ideally an understanding should be reached between Client and Contractor that should allow the Contractor to materialize explicitly a Project Buffer in the schedule. This practice has the benefit of increasing Project delivery reliability, gives a much better handle on the Project Manager about the usage of its resources, and potentially induce easier demonstrations of Extensions of Time.

Find all these principles of Advanced Scheduling exposed in a comprehensive manner in our Handbook, [Advanced Project Scheduling for Project Managers](#) (2nd edition available in [Paperback](#) and [Kindle](#) versions!)



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