



White Paper 2017-12

How to Overcome the Paradox of Project Control: Is it Traditional Management Control or Support to Project Piloting?

The terminology 'cost control' or 'project control' stems from industrial business control, traditionally an independent function which role is to effectively police productivity and people and check for fraud. However in a project it is important that Project Control does not limit itself to pure control independently of operations: it also needs to provide the foundation for proper data allowing the project manager to pilot to the project to its destination. This paradox – and the need to overcome the 'control' terminology – is not always well understood leading to Project Control administered as a pure control function depriving the project of proper navigation tools. This White Paper elaborates on this paradox and how to overcome it.

The traditional business control function and its evolution

In Industrial Age organizations, the control function acts as the police that checks that cost is minimized and employees and resources are used at their maximum productivity. It also covers all sorts of fraud prevention. It is by necessity a function kept independent of operational and line managers, reporting to senior management. Its position is one of measurement and criticism and controllers do not intervene in actual operations nor help on a day-to-day basis to provide proper feedback and data to manage the business. Control is generally being implemented both real time (control of the compliance of procurement and invoice approval and payment authorization) and ex-post (through audits and other reviews). By extension, because the control function developed over time statistical tools and methods, and ways of measuring progress and productivity, those tools have been put to use by management to help guide them in actually taking decision. This has proven effective, however the personnel that generated these indicators then had to be embedded closer to the actual business, therefore losing their independence. Nevertheless, terms such as business control, project control or cost control have stuck, thus creating an ambiguous terminology in the actual role of these resources and processes.

Actual Business Control in projects

In projects, this terminology creates an ambiguity. Project control may still do in some instances a small part of policing, however its main remit is supporting the project manager to take the right decisions.

Actual business control (as per the traditional understanding of the word) in projects is generally provided through the following channels:

- The finance department and procurement departments, for the control of expenditures
- The compliance and internal audit department, for any other compliance-related issues

These control functions are generally external to the project, at the Business Unit level, in particular to avoid interference by the Project Manager.

The role of Project Control

Project Control main role is to gather data, check for its accuracy and then produce the relevant indicators that serve to steer the project towards its objectives. This role needs to happen taking into account consistently all major considerations of contract, cost, schedule and risk.

A very limited Business Control role for Project Control

Checking the accuracy of data can be considered to include some part of control, in particular it may require from time to time to go in the field and check the reality of reports issued from the ground. Another segment of control is to check how expenditures fit with the original project budget; however, variances need to be allowed from the initial budget as they are an intrinsic part of actual project life so that this part of control should not be as strict as usually practiced in industrial companies as part of Business Control.

Project Control role must be focused on navigation

Most of the task of Project Control though is to recover and analyse the data to provide the Project Manager with an adequate and accurate basis for decision-making. The focus on the future of the Project when most of the Project team is focused on the present also makes it in reality the Project Strategist, providing anticipation scenarios and warning for impending activities to accomplish. In this role which we like to describe as a navigation support role, competent Project Control teams provide invaluable support to the Project.

This monitoring and forecasting role that looks into the future makes it vastly distinct from a Business Control focus which is only looking into the past and cannot include any strategy development as part of its remit.

We observe sometimes Project Control resources being used to provide actual Business Control functions. This can be very dangerous.

The danger of using Project Control on actual business Control functions

We observe sometimes Project Control resources being used to provide actual Business Control functions. This often includes checking suppliers' and subcontractors' invoices and being involved in a number of business control routines. This can be very dangerous because of the following reasons:

- Business control routines such as invoice checking need to be performed quickly, sometimes urgently and this detracts Project Control personnel from their core work (in some extreme cases where there is a lack of processes and lack of resources, Project Control personnel can even be used almost 100% of their time on those tasks). As a result, the Project Control team does not have enough time to properly forecast the project and perform the analysis that are required for the Project Manager,
- This practice effectively creates a lack of independence between two different processes, Project Control and Finance/ Business Control, removing one line of defence in the company.

In spite of its name, Project Control is not involved in Business Control in the traditional understanding of the term. The term is misleading.

Conclusion

In spite of its name, Project Control is not involved in Business Control in the traditional understanding of the term. The term being misleading, Business Control activities are sometimes transferred to the Project Control team. This is highly detrimental to effective Project Control and support to

Project piloting.

While the terminology of Project Control or Cost Control is firmly embedded, would it not be better to use terms such as Project Strategist or Project Navigator?

Some useful additional resources

- White Paper [2014-02 'Why Accounting and Cost Control roles Should be Neatly Separated in Project Organizations'](#)
- White Paper [2016-12 'What is a Project Control Manager? Coverage, Reach and Roles'](#)



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