

## Capital Project Management Challenges – and Solutions – in the Wake of COVID-19

Effectively responding to Capital Project Management challenges in the wake of COVID-19 is critical. As a Project Manager you need to be aware of the potential risks your projects will be exposed to and how to best plan for them.

The COVID-19 pandemic has profoundly impacted most if not all industries, necessitating rapid and sweeping adjustments. The power utility industry is certainly no exception. As providers of essential electrical power, it is imperative that project managers of capital infrastructure projects in this space effectively navigate a range of new, emerging, and potential challenges.

The uncertainty of the times, and possible public reputation impact of a COVID outbreak on a project, has resulted in Project Managers being forced to push pause on many projects. Assessing risks surrounding COVID-19 has been extremely challenging due to the uncertainty surrounding the potential of a second wave of the virus. That's why we're here to help.

### KEY CAPITAL PROJECT MANAGEMENT CHALLENGES DURING COVID-19

#### 1) Logistics Disruptions

##### Challenges

In the power utility sector, logistics disruptions are occurring in many ways. First, the flow of workers to a site can be impacted. Crews are frequently transported to locations within and outside of Canada. COVID-19 safety protocols then necessitate two weeks of self-isolation for most international and even domestic travel before work can proceed.

Additionally, there are fewer available flights, especially to remote areas. In other cases, fewer workers are available, because they have contracted the illness. On top of that, social distancing rules have limited the number of people allowed on site.

##### Solutions

First, to address the two-week isolation challenge, you must carry paperwork designating your crews as essential workers for an essential project. If getting this paperwork isn't possible, sourcing local crews and workers would be the best approach.

Secondly, you can re-organize project workflows and schedules to mitigate delays. For example, you should allow for early ordering and delivery of materials if your supply chain is at risk. Potentially consider more off-site storage.

Third, update your fit for duty and sick leave policies to address disease risk and hygiene protocols. Include procedures for when workers develop symptoms on site, and protocols for those who have been traveling or exposed to COVID-19. More importantly, limit equipment sharing and plan for fewer workers to occupy the same locations.

Finally, be a strong leader and adjust your Project Management Methodology accordingly if necessary. Make sure you're communicating clearly and concisely to your staff regarding what the protocols are and what's expected of them on a daily basis.

## 2) Supply Chain Delay

### Challenges

Due to COVID, supply chains across all industries are increasingly vulnerable to disruption from delayed permits as well as insolvent and bankrupted suppliers, vendors, subcontractors, and contractors. In the power utility industry, delays in the delivery of materials *and* supply chain bottlenecks are common. But the biggest challenges of all arise from slower domestic shipping and restricted international shipping.

### Solutions

Project managers should evaluate each project thoroughly to work around potential delays. It's critical that they work with procurement managers to confirm that secondary suppliers can roll materials to them with expedited lead times in the event that the original suppliers will not be able to deliver. This can be done most effectively by checking in with Suppliers to see how they're operation has been impacted by COVID to gauge whether or not they'll be able to get you the required materials on time.

In the event that your top two preferred suppliers can't get you the materials on time, you should use this as an opportunity to seek out other suppliers and build new relationships. It never hurts to have more options – even after COVID settles down.

## 3) Rising Cost

### Challenges

It is extremely difficult to manage the cost increases impacting the power utility industry nowadays. Currently, they are stemming from COVID-19 restrictions, disrupted timelines, and the rising costs of project components.

COVID-19 restrictions, such as those we discussed in *Logistics Disruptions Challenges*, are deferring or extending projects, thereby increasing their costs. For example, when

workers must self-quarantine, they must be paid for two weeks during which they simply wait to start work in hotel rooms.

COVID-19 has also made the decision-making process more fraught. Some leaders are delaying making certain decisions until “the market returns to normal”. Some are just unable to make informed decisions. Power utility project managers operating in this milieu must re-schedule projects and re-organize budgets. Plus, when crews and equipment have already been mobilized, project managers must then store equipment and material, increasing costs and quality concerns.

Finally, the fact is, even when project managers are able to secure most or all of the products, supplies, or services required, remaining within budget is unlikely. That’s because even after COVID-19 relents, those project components will cost more than they did pre-pandemic.

#### Solutions

To meet these challenges, adjusting project scope— in terms of deliverables—and managing customer expectations is essential. Some companies may choose to pay the increase in costs while others will delay or downgrade projects and operations. The key will be re-evaluating the feasibility of moving forward or waiting.

It’s also imperative to analyze financial risks, such as those arising from delayed payments or projects that are already over budget. How can you best manage these risks?

## 4) Quality Assurance

### Challenges

As discussed in *Rising Cost Challenges*, being forced to store equipment and material can impact quality. Depending on the nature of your project and the quality standards required, your project deliverable dates may need to be adjusted. Or else you may need to have conversations about quality with clients.

In addition, the various [COVID-19 restrictions](#) limit interactions which can hinder the effectiveness of project discussions. Having to communicate with all contractors virtually takes away the hands-on approach of overseeing work and making sure all workers are on the same page.

### Solutions

First, establish communication protocols. Even if the work you’re overseeing must be conducted virtually, it can still be consistent and comprehensive. Ensure you have regular contact with all clients and contractors. This involves going all-in on [investing into remote work](#) and ensuring staff are trained properly.

Second, project managers must work with risk and procurement management specialists to determine the optimal course of action. This is the clearest pathway to ensuring that project quality never takes a hit.

Third, analyze personnel risk. Ask yourself whether the project uses too many personnel who have never worked remotely before. Does this make a transition to remote work unfeasible?

Finally, and most importantly, formulate a Quality Assurance plan that provides an overview of all these items and clearly lays out the steps the team is going to make to make sure they're met.

### **By Resource-Sharing, We Build Resilience**

By resource sharing, power utility project managers are in an excellent position to navigate complexity and risk to ensure safety and continuity of service in their essential sector. To that end, we've shared an overview of the solutions for COVID-19 related challenges in the areas of logistics disruption, supply chain delays, rising costs, and quality assurance.