Project Manager versus Tornado

Advice for Project Mangers and Organizations when Disaster Strikes

By Donald A. Pillittere

Introduction

Headlines for most of 2011 focused on natural disasters that devastated Japan, Australia, New Zealand and the United States. Japan was hit by an earthquake which in turn caused a tsunami, New Zealand by an earthquake, Australia with flooding and the United States with twisters in the Southeast. The cost of these disasters far surpassed that for Hurricane Katrina in 2005.

When natural disasters strike, project managers are supposed to be able to do the impossible - manage dysfunctional teams, deal with demanding customers and unrealistic edicts from managers. One of the pressing questions they face are: Can they take on a natural disaster, a flood, hurricane or tornado (ranging from EF1 to EF5) and still meet the required due date? Before you answer this question, think long and hard back to all those times when Murphy's Law (what can go wrong will go wrong) made its way into your project - how management always, always, asked why you didn't plan for this as part of the project.

Of course, project managers have to plan for natural disasters and perform this feat without spending extra program funds while still meeting milestones! Isn't this the unwritten expectation of upper management?

I can hear the conversation:

> Director: "Why didn't you take into consideration the potential for flooding at Acme, LLC?"
>
> Program Manager: "I expected Acme, LLC to take the necessary precautions after the previous flood in 2011."
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> Director: "It's your job to manage the project and supplier, that's why I pay you a salary."
>
> Program Manager: "So, I should've driven two hours to the supplier and filled sandbags to protect our parts?"
>
> Director: "Too late now, you should've done that already!"

This may seem a little dramatic; however, all project managers have faced assumed responsibilities from management to keep projects on schedule. Project managers must be part Federal Emergency Management Agency, The Red Cross, The Army Corps of Engineers and mind reader or they will fall short in unique and catastrophic situations. There are no excuses for the project manager; all problems are somehow related to his or her lack of skills. While success seems to get showered on the manager and/or team, failures get squarely placed on the project manager's shoulders.

What is a project manager to do if he/she failed to take pre-emptive measures to prevent delays caused by a 1,000 year blizzard in Arizona that makes it impossible for a supplier to make a critical part or subassembly?

What follows are some key steps that project managers can take to recover and maybe even thrive in the face of natural disasters. The most important aspect of these steps is that they all have to be done in parallel - slack for serial execution does not exist. A project manager that believes one option is better at first blush will end up paying when he/she fails to deliver.

Focus on the People, not the Project

This edict runs counter to many business books that emphasize maximizing shareholder wealth. However, if one of your key suppliers is a casualty of a devastating natural disaster, reach out to them and see how you can help. Few remember that in addition to the damages suffered by the supplier's business and the impact it has on your company, the people that work for the supplier could've suffered as well. No one wants to help you out if they have no running water, food, heat or even a roof over their head. This is the one time where focusing on people will bring much more in return than being selfish.

Imagine trying to come to work each day, after struggling to keep your family together, helping out neighbors and dealing with the emotions of a catastrophic event. Attempting to focus on work, even if the building is still standing and having to deal with customers that are upset that their needs aren't being met will be almost impossible. Working with the "people" aspect, while may not have an immediate impact on the schedule, will certainly be a long-term investment in the relationship that will eventually pay dividends.

Chances are, when things start to settle down and get back to normal, the "kind" customers will receive the same treatment in return. After all, who would ever want to put the obnoxious customer first in line? Kindness begets kindness; it's human nature.

It's the same principal good project managers' use with their team:

1. Respect team members
2. Give them tools for success
3. Reward them for excellence.

Bottom-line, focusing on people within your team or your suppliers is just the right thing to do.

Communication

People love to fill in the communication vacuum with rumors, half truths, speculation, or just plain lies. Even if you don't know the extent of the impact on your business, you must control the communication or the problem will get further out of hand. It's difficult enough to manage the team through an unplanned disaster, and even worse if the project manager has to do this in parallel with answering questions related to rumors and speculation.

Don't be afraid to send out a daily communication with what you know, no more, no less. It is much better for the team, management and the end customer to hear from just one designated source than allowing their heads to get filled up with garbage. The project manager has enough to do with managing the disaster than to clear out communication garbage from the project pile in order to move forward.

To minimize the impact people have on the message as it passes from person to person, hold weekly meetings, or even daily meetings depending on how quickly the news changes to present the true situation. Constant communication and controlling the message will allow the project manager to focus on specific program problems, not perceived or imagined ones. Project managers fighting to move forward in the face of a natural disaster, can ill afford unwanted work that adds no value.

Plan for the Worst Case

I'm all for a positive and optimistic outlook on life; however, when it comes to dealing with a natural disaster and the impact it has on your project, pessimism must be the overarching emotion and drive all action. Assuming that things are not as bad or somehow, your parts or equipment were not impacted will just lead you to the unemployment line.

In my experience, plan as though you are starting from the beginning and that there is nothing that can be salvaged. Let me repeat that point again. Plan as if nothing can be salvaged from the disaster. If you are fortunate enough to have the Gods shine down on your parts or equipment, consider this a gift of program slack. Put this slack in the bank and keep working the problem. Never assume for a minute that things will work out, as soon as you take your foot off the gas pedal, the project car will stall and you will sit frustrated in a stationary position.

Don't allow any positive news to be distributed from the supplier, even if it is directly communicated to you. This could cause you to lose focus on working the worst case scenario. There is no guarantee that your counterpart was not a victim of faulty and

overly optimistic information that will be corrected later after it's too late. Plan for the worst, if by chance something happens that addresses an item in your worst case plan, take that as slack and continue to push forward.

Brainstorm

Brainstorming might be one of the most overused words in business, but when it comes to digging your team out of a natural disaster ditch, creativity is the one thing you need on your side. This is the time where no idea is bad and anyone and everyone involved in the project must come together. It's a must to get the end customer involved as a way to foster direct communication and to allow them to take part in something that will clearly impact their business.

Instead of using the 5 "Whys" developed by Sakichi Toyoda as a critical component of the Toyota Production System, use the "5 (or more) What Abouts" developed by the author.

- What about going to another supplier for the subassembly?
- What about redesigning the subassembly with available parts?
- What about building the unit in-house?
- What about opening up the tolerances so a different subassembly can be used?
- What about supplementing supplier operations with new equipment and parts?
- What about sending people from our organization to supplier?
- What about our company taking over some of the supplier's work?
- What about supplier working overtime once they are up and running?
- What about changing project schedule to accommodate the delay?
- What about having our team work overtime once subassembly has been received?
- What about checking inventory of subassembly across supplier's customers?
- What about asking customer for more time to complete project?
- What about reaching out to one of our competitors for assistance?

Where Do You Stand

If you are just one percent of a supplier's revenue, and the relationship has been more like an Ultimate Fighting Championship (UFC) match than a church congregation, don't expect the supplier to show you much love if it is recovering from a disaster. Management will make sure that the squeaky wheel, the customers that deliver the most profit will be front and center. Even if your relationship at the working level is great, everyone works for someone, and many times your peers do not control P/L.

If you are fortunate to be the most important customer, a rarity; chances are that you will get more support and have a better chance of staying on track. The relationship your company has with suppliers puts the control of the whole schedule in the hands of

others – NOT a smart move. Project managers can never depend on others to control the team's destiny. To do so, will lead to a poorly performing project, no matter who causes the project to slip, there is only one person that gets the blame - the project manager.

Reality — Prove It!

Does this process really work? Yes. I've used this on several occasions and can say without a doubt that it gives the project manager detour(s) that will get them back on schedule. Project managers know that there is no sure thing besides constant problems that get in the way of success. Even though this process will help a project manager, sometimes the stars align better than others.

Below is a real life situation with names and disaster disguised:

On a major project (in the millions), one of my key suppliers was hit by an EF2 Tornado (wind speeds between 111-135 mph or 179-218 km/h) causing major damage to its facility.

I received a call from this supplier on a Sunday around 6PM, stating that the factory was hit by a tornado, but that it was too early to assess the extent of the damage. I emailed my team/management about the situation and told everyone I'd keep them up-to-date as more information became available. My first inclination was to visit the factory to see first-hand what was going on especially for my parts, and was told by my counterpart that this could be done over the next few weeks. He stated the hurdle would be getting the paperwork filled out and signed in conjunction with working to get the factory back up and running.

Fast forward two weeks later and after pulling teeth with the supplier to get any and all information about this situation, they finally agreed to a face-to-face meeting. Our customer was anxious to understand the program impact caused by the storm. They were not happy with our answer because we had no useful information to share. In fact, they told us we should get on a plane and visit them ASAP. At this time, our team made no attempt to move forward with an alternative plan, which in retrospect was a bad move – the first of many. After meeting with the supplier with an all success schedule and working a six-day work week, we discovered the delay to the program was going to be two months. Red flag two, our team put too much confidence on this date, and project managers in these situations have to be skeptics. Our decision got us off the hook to take any action and allowed us to meet end customer delivery date.

Over the next few weeks, both parties argued about what to do with parts that were potentially damaged by the tornado. Our stance was to order new parts. Their stance was to see if the existing parts could still be salvaged. Our concern was the loss of critical lead-time to order new parts. If we went with their idea, it could be hard to get insurance to cover the "damaged" parts that appeared to be fine. So they started

packaging the parts that were not damaged. This is where we needed to take a stand. Our revenue with them was minimal and the start of the procurement process was filled with verbal battles and name calling. Their behavior following the disaster was no different than before, and shame on us for not taking this into consideration from the start.

Six weeks after the disaster, there was no firm commitment by the suppler for the date presented a month earlier. We wanted a date with 95% confidence so we could ensure a realistic commitment by us to the end customer. Our supply chain group decided it was time to get quotes from two companies that were part of the original proposal. The first request is best case delivery with any long-lead parts funded separately. Need date for response is just two days for Rough Order Magnitude (ROM) quote.

To our surprise one of the suppliers could deliver a unit only two months past the original due date of current supplier as long as we provided long-lead funding by the end of week. They happened to have excess parts from a previous build and could internally manufacture another critical long-lead item. Design of the unit is different from the first, but risk mitigation cost is a no brainer and we contracted with them for parts. In parallel, the engineering team worked on specification differences and setup ongoing calls and face-to-face meetings with the new supplier and end customer to determine whether the replacement unit will work in the system.

Two months later, the original supplier was still dragging its feet and fighting us even in front of the customer. As much as they claimed to understand the concern over parts that received frequent spinning miles during the tornado, they still insist parts are usable. Time kept slipping away and there was no firm delivery date and the supplier was clearly focused on appeasing its major customer while giving us lip service. Work on replacement unit is going full steam ahead; as team is closing on technical differences, trying to lift up every stone to leave absolutely nothing to chance. Our team could ill afford to miss anything if we decided to use the replacement unit – any misstep would have delayed the schedule by at least six months and ruin any chances for follow-on work.

Fast forward, three months past disaster. The current supplier had made no discernable progress; we have not been given permission to see the factory even though the request was made within days of disaster. All specification differences between units from secondary supplier have been reviewed and approved by customer in writing. Project managers love it when a customer gives them permission to change course in written form! Path forward was to push hard on replacement unit and in parallel complete work from original supplier in the most efficient and cost effective manner.

Ultimately, the replacement unit will arrived only two months later than what was currently in overall schedule. The original supplier finally comes clean and will only commit to a delivery date that is now 16 months…YES 16 months past initial promise

date. If we had stayed the course, this project would be one that project managers would be telling their grandchildren about.

Did the process for dealing with a disaster work? Yes. Could execution have been better? Of course. Were mistakes made by our team? Absolutely.

Our team should've realized earlier that given our limited business with the supplier and poor relationship, the quote for the replacement unit should have been issued immediately. We did not take the worst case approach; instead, we focused on the people by offering to support the supplier with part ordering, production and testing, while working our schedule to try and create slack for a late delivery. We allowed communication, or lack thereof, to cloud our judgment about reality. Instead of brainstorming our way out of problem, we let the problem take on a life of its own.

What helped us was that the replacement unit came from a supplier which is by far one of our best and most cooperative suppliers we have in our portfolio. This company had answers to some "What Abouts: Parts in stock, reducing lead-time of unit, control over other critical components, a design that performed differently, but was vetted by us, and supplier and customer to determine its usefulness. In other words, we had a perfect storm after the storm.

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