Advances in Project Management Series[1]

Creating Useful and Appropriate Project Reports [2]

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In almost every online project management community, there is a question that is posted every few months: "I have been asked to create a project report. How do I do this?"

There is no short and definitive answer to the question. There are countless ways to combine project information into a report. Ideally, the nature (timing, format, and content) of a report should be specific to the stakeholders who will receive it. The project team gathers data from available sources, and packages it for consumption by stakeholders, who will then use the report to learn about project status and risks and make decisions. Reports are also a necessary part of project governance, accountability, and documentation, providing visibility to problems and opportunities. There are many different formats for reports, and plentiful techniques for visualizing data. Stakeholder needs, roles, and expectations are the key to guiding development of each type of project report.

STAKEHOLDERS

Just as beauty is said to be in the eye of the beholder, the same is true for success. Different stakeholders have different definitions of success. Because stakeholders each have their own motives and perspectives, these definitions of success can be widely divergent, such that a project can conceivably be considered both a success and a failure at the same time. It seems impossible, even ridiculous, but it is true. While cost, schedule, and quality are common measures of success for projects, some stakeholders may judge the success of a project by other measures, such as degree of acceptance, level of prestige, the way the project reflects on them, and much more. Understanding stakeholders is, thus, the key to benefits realization. This article describes some categories of people who define and can directly or indirectly influence project success.

Assurance

Simply put, decision-making requires information. That information includes data that is correct, timely, complete, unbiased, and reliable. The data can be assembled in seemingly endless combinations, yet must be presented in a usable format for a particular purpose. Reports should be tailored to their intended audience, so as to be concise, comprehensible, consistent, and provide

[1]The PMWJ Advances in Project Management series includes articles by authors of program and project management books previously published by Gower in the UK and now by Routledge worldwide. To view project management books published by Routledge publishers, click here. See this month's author profile at the end of this article.

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the information needed for stakeholders to stay informed, make decisions, and take action. However, the reporting function must also be dynamic, able to respond to changing project conditions. Decision-making in projects requires accurate, timely, and relevant status reporting, yet all too often reports do not serve their intended purpose. Stakeholders seek the information they need, with a caveat: they also want assurance.

There are several applications of "assurance" as a noun; two of them apply here[3]. One is a state of certainty or confidence in something. The other is a statement intended to provide such confidence. Stakeholders wish to have confidence the information they receive is accurate and appropriate for their purposes; internal team members and external consultants both provide stakeholders with those assurances. The concept of assurance is closely tied to that of accountability, whereby the project team or consultants providing the data are responsible for the quality, accuracy, appropriateness, and timeliness of the information provided. The importance of such accountability cannot be overstated, as errors need to be corrected immediately lest major decisions be based on the incorrect information and advice given.

Assurance and accountability both assume reporting is unbiased and objective, conditions which (sadly) might not always be true if the report comes from within the project management organization (PMO). Independence of external consultants suggests disassociation from the situation and immunity to influence, whereas project team members are often deeply embedded in the culture of the project organization and the tangled relationships therein. Then again, external consultants might not have access to all available data and discussions, and thus might not understand the full picture. If employed as consultants internal to the team, project team members may have dual loyalties, to their employer and to the external client. Such circumstances may make certain responsibilities difficult, such as: critical questioning, impartial status assessment, and delivery of bad news.

Optimism and cognitive delusion are common occurrences when reporting project status; failures tend to be downplayed, and results spun into hopeful forecasts. Delayed reporting of data may result from internal sensitivity, pressure, or politics. All these acts of self-protection can result in an overly positive representation of project performance, blurring risks and change, which then obstructs early action to remedy identified issues.

Stakeholder categories

Before discussing stakeholder expectations, the project team first needs to identify and understand who the project stakeholders are, how much they can impact the project, and how they judge project success. Stakeholders may be individuals, formal groups, and entities such as companies and governments. They each have different levels of motivation, interest, power, and influence, which may change throughout the project.

[3] Oxford English Dictionary online, https://en.oxforddictionaries.com/definition/assurance. Retrieved 6 December, 2018.

Responsibilities to project stakeholders may fall into several categories[4]:

- Fiduciary duty
- Decision-making (corporate governance)
- Participation
- Fairness
- Cooperation
- Accountability
- Strategic management
- Legitimization
- Risk management (deflecting criticism)
- Social construction (image)

The number of project stakeholders can be considerable, and failure to address their needs may mean failure of the project. Their connection to the project may be contractual, societal, financial, familial, political, emotional, and more. They may be internal or external to the project, explicit or implicit, and involved at any or every phase of the project lifecycle. The stakeholders list may include: companies, corporate employees, contractors, suppliers, consultants, neighbors, investors, partners, end-user, the media, public officials, public or private agencies, the general public, special interest groups, and even past and future generations.

The mindmap below illustrates just some of the categories of stakeholders that can be found on a project.

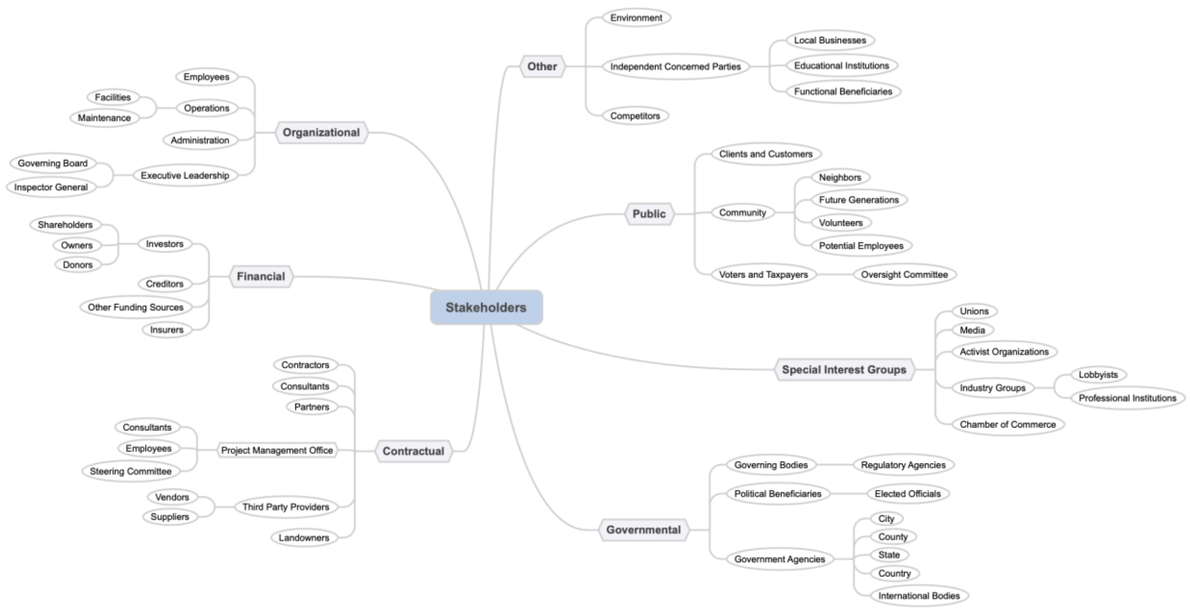

Figure 1 - Stakeholder mind map[5]

[4] Greenwood, Michelle (2007). Stakeholder Engagement: Beyond the Myth of Corporate Responsibility. *Journal of Business Ethics*, 74(4), pp. 315-217. Berlin: Springer.
[5] Nalewaik, Alexia and Mills, Anthony (2016). *Project Performance Review: Capturing the Value of Audit, Oversight, and Compliance for Project Success*, p. 52. London: Routledge.

For the purposes of reporting, identifying stakeholders also means knowing their role on and connection to the project. From there, their level of involvement, primary concerns, definition of success, language and terminology, and level of tolerance for risk and change can be used to customize and shape reports for them. Stakeholder identification should be revisited periodically during a project, because stakeholders often depart in the middle of the project and new stakeholders arrive.

Communication with stakeholders is one mechanism for establishing and managing their expectations. The recommended stakeholder audience for specific types of reports is provided later in this book.

Internal stakeholders

Governing boards

Some formal oversight bodies on a project and within an organization are stakeholders that serve as a governance mechanism. Examples of these are: board of directors, steering committee, citizen oversight committee, governance, project sponsor, project executive, and audit committee. These groups may enact corporate, legislative, or regulatory-required guardianship of the project, monitoring project progress and providing guidance to project management and leadership. Each has an agreed-upon high level of authority, area of responsibility, and organizational charter. Members of such oversight bodies need to understand the strategic implications, risk, and potential outcomes of project actions; without adequate reporting, they may make decisions based on out-of-context information. The project team may need approvals from governing boards for certain project actions, especially budget approval and changes in goals or scope. A governing board may use its influence and authority to assist the project, solve problems, and resolve issues. Governing boards often serve as an intermediary for reporting to organizational executive officers such as the Chief Executive Officer (CEO), Chief Information Officer (CIO), Chief of Operations (COO), Chief Financial Officer (CFO), and external authorities.

Project or program sponsor

The sponsor is the ultimate executive on the project or program team, a member of the client organization external to the project or program. They approve major project or program activities, changes, and expenditures, monitor the effectiveness of project or program management, and are tasked with both project visioning and removing roadblocks to project or program success. They have authority to direct all staff, secure resources, resolve conflicts, and have sufficient influence to engage with key stakeholders. They may chair the steering committee or other governing board. The project or program sponsor may serve as an intermediary both within the organization and with external stakeholders.

Chief financial officer (CFO)

The chief financial officer exists at a corporate executive level, often removed from projects yet connected via the monitoring and provision of project financing and governance. The language they use is very specific and must be understood by the project team. Return on investment (ROI), depreciation of assets, taxation, the time value of money, revenue, color of money (use of funds received from different sources), and expenditures are terminology they use. In the finance office, success of a project may be defined purely on financial metrics. The project team may require approvals and signatures from the CFO for project finance actions. Further, the CFO or treasurer may be a financial delegate or an intermediary for reporting to external funding sources, investors, donors, and shareholders.

Chief information officer (CIO)

The chief information officer exists at a corporate executive level, often removed from projects yet connected via the monitoring and provision of corporate information systems. The CIO will likely be the project sponsor for information technology projects. The language used by the CIO is also very specific, and must be understood by the project team. The project team may require approvals from the CIO for information security and systems-related project resources, activities, and integration.

Program manager

When an organization has several projects all directed towards a certain corporate objective, those projects grouped together are called a program; the entirety of projects within the organization is called a portfolio. The program manager has overall responsibility and accountability for program success, and may report to the program sponsor, governing boards, and/or other corporate executives. They will typically chair program meetings and have approval authority for program-level actions. Program management may be an intermediary for reporting to program-specific steering committees.

Project manager (PM)

The project manager is internal to the project organization, and has overall responsibility and accountability for project success, reporting to some combination of the program manager, project / program sponsor, governing boards, and/or other corporate executives. They will typically chair project-level meetings and have approval authority for project actions. Project management may be an intermediary for reporting to project-specific steering committees.

Project or program management office (PMO)

If a project management office is created for the project or program, within the PMO will be found additional leaders, project and program team members, subject matter experts, and contributors. Those leaders may have responsibility for and oversight of engineering, design, construction, research, implementation, project controls, document control, procurement, technical support, and more. These project team members may include various team or department leads, who are responsible for direction to departmental or sub-team members, deliverables, meetings, etc. The PMO typically serves both a project (or program) management and administrative role on the project, satisfying all required functions for the project (or program) to progress. If there is no centralized project or program management function, functional managers (such as engineering or manufacturing) and functional team members may assume the roles described above in addition to their regular responsibilities.

Office of general counsel (OGC)

The legal office or OGC is a corporate executive group external to the operation of the project, led by chief or general counsel, that is in charge of all legal affairs for the organization. The chief counsel may be an intermediary for reporting to the general public, external regulatory agencies, and special-interest groups. The OGC may also manage a whistleblower hotline, oversee an inspector general's office, and be an intermediary for selecting and managing external counsel (lawyers) and advisors. Members of the OGC will typically be involved in the project or program on contractual matters and claims.

Risk officer

The corporate risk officer is part of the corporate executive organization, external to the operation of the project, who is responsible for enterprise risk management, including risk awareness within the organization. This includes current and future risks. They may address market risk, credit risk, and operational risk. The corporate risk officer is likely an intermediary for selecting and managing insurers, reporting to insurers, and ensuring insurance requirements on the project or program are satisfied.

Other internal stakeholders

Within the owner and project organizations, there are other internal stakeholders and customers who either want or need to be updated on the project. This includes company or project departments (such as human resources, marketing, internal audit, security, environmental health & safety), cross-cutting functions, teams (such as development, real estate, facilities, procurement, quality, information technology, testing, and operations), and individual employees. These may be direct or indirect stakeholders who are part of the project, champions and thought leaders, subject matter experts (SME), contributors, data holders, or people or departments who will be end-users of the project output. Each of these internal stakeholders will need to be identified by the project team.

External stakeholders

Regulatory, licensing, and government agencies

Some organizations, and their projects, are subject to some level of oversight by external agencies. For example, projects that receive public or special-purpose funding will need to satisfy certain requirements and report back to regulatory and government agencies regarding the use, and timing of use, of those funds. Similarly, projects that are created in heavily regulated environments, will need to satisfy certain requirements and report back to regulatory and government agencies regarding those requirements. Safety, quality, and environmental restrictions are typical examples. The project sponsor, COO, CFO, or other executive may be the liaison to such agencies, and may approve reports prior to issuance to such agencies.

Financiers

Funding providers are external to the project. They will have certain requirements, restrictions, and strict rules regarding the use of funds, and often require specific reporting. The project sponsor, CFO, or other executive may be the liaison to financiers, and may approve reports prior to issuance to financiers.

Insurers

Insurance providers are external to the project and provide necessary services to the project. They will have certain requirements, restrictions, and strict rules regarding access to insurance, and often require specific reporting. The project sponsor, chief risk officer, or other executive may be the liaison to insurers, and may approve reports prior to issuance to insurers.

Contractors, consultants, vendors, and suppliers

During the project, the team will usually engage with various external companies to provide goods and services to the project that are necessary for the project's success. Establishing expectations and managing these relationships is part of project management's responsibility, and communication is a two-way process.

In addition to the goods and services provided, the project team will often rely on information and reporting from the external companies, as part of the project reporting process. As with internal documentation and data, the information received from these external providers also needs to be correct, timely, complete, and reliable. While trust may be regarded as a virtue, in the context of a project it can also be dangerous if trust is misplaced. The concept of assurance applies here; trust needs to be periodically justified. Certainty of confidence in data provided by external parties is necessary. As with the goods and services provided, information from external providers may need to be periodically audited for accuracy.

Once the project is completed, depending on the type of project, additional goods and services providers may become clients and customers of the end product. These providers will thus have a vested interest in understanding more about and monitoring the progress of the project, for their own business purposes.

The general public

The realm of public stakeholders is broad, and includes local communities, potential clients and customers, functional beneficiaries, local businesses, voters and taxpayers, neighbors, potential employees, future generations, and others. These entities can be difficult to understand, and thus unpredictable. Each has different motivations, and different requirements.

Especially for projects intended for end-use by the public, small segments of the population tend to be very passionate and engaged. They may consider themselves to be owners of the end product, or ad-hoc overseers, despite a lack of technical knowledge. The general public's expectations of large-scale projects tend to be mismatched with reality, because they do not always understand the complexities and timelines of delivering the project. Lest they become disappointed or belligerent, those expectations and media coverage need to be managed proactively. The media or communications department or designated liaison may be an intermediary for reporting to public stakeholders, and crafting press releases.

Other external stakeholders

There may be other direct or indirect external stakeholders, with varying levels of legitimacy, who either want or need to be updated on the project. This could include:

- Landowners
- Political beneficiaries (elected officials)
- Activist organizations
- Industry groups (such as lobbyists and professional institutions)
- Unions
- Media
- Groups acting on behalf of the environment
- Former employees
- Volunteers
- Members of a jury
- Other special interest groups
- Other not-for-profit groups

Communication plans should be developed for each of these, as appropriate.

The primary function of reporting is communication. *Project Cost Recording and Reporting*, the book this article is derived from is intended to serve several purposes. It offers some guidance regarding data sources for reports, report audiences, and common pitfalls in reporting. It also offers a wealth of examples of different types of reports. Together, the book is crafted to be a valuable resource for any organization or project team that wants to communicate more effectively with internal and/or external stakeholders. It advocates a carefully-considered approach to crafting project reports, which will increase the likelihood of identifying and acting on project issues and risks, thus improving project performance. The author hopes this contribution to the body of knowledge for project reporting will result in greater maturity in project communication.

About the Author

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Dr. Alexia Nalewaik has over 25 years of experience in project audit, estimating, cost/risk management, and governance. She is a Fellow of RICS Americas, AACE International, the Guild of Project Controls, and ICEC. Alexia is a Past President of AACE International, Past Chair of the International Cost Engineering Council, and past member of the Governing Council of RICS Americas. She has published two books, on performance audit and reporting. Current research continues to focus on audit, assurance, and cost management.