



Project Management – Case Study # 3

IMPLEMENTATION OF PROJECT MANAGEMENT

The first step in the implementation of project management is to recognize the true benefits that can be achieved from using project management. These benefits can be recognized at all levels of the organization. However, each part of the organization can focus on a different benefit and want the project management methodology to be designed for its particular benefit.

Another critical issue is that the entire organization may not end up providing the same level of support for project management. This could delay the final implementation of project management. In addition, there may be some pockets within the organization that are primarily project-driven and will give immediate support to project management, whereas other pockets, which are primarily non-project-driven, may be slow in their acceptance.

Kombs Engineering

In June 2013, Kombs Engineering had grown from just a few employees to a company with \$250 million in sales. The business base consisted of two contracts with the U.S.

Department of Energy (DOE), one for \$150 million and one for \$80 million. The remaining \$20 million consisted of a variety of smaller jobs for \$150,000 to \$500,000 each. Kombs expected the growth in smaller jobs to exceed \$100 million in a few years.

The larger contract with DOE was a five-year contract for \$150 million per year. The contract was awarded in 2008 and was up for renewal in 2013. DOE had made it clear that, although it was very pleased with the technical performance of Kombs, the follow-on contract must go through competitive bidding by law. Marketing intelligence indicated that DOE intended to spend \$100 million per year for five years on the follow-on contract with a tentative award date of October 2013.



On June 21, 2013, the solicitation for proposal was received at Kombs. The technical requirements of the proposal request were not considered to be a problem for Kombs. There was no question in anyone's mind that on technical merit alone, Kombs would win the contract. The more serious problem was that DOE required a separate section in the proposal on how Kombs would manage the \$100 million/year project as well as a complete description of how the project management system at Kombs functioned.

When Kombs won the original bid in 2008, there was no project management requirement. All projects at Kombs were accomplished through the traditional organizational structure. Line managers acted as project leaders.

In July 2013, Kombs hired a consultant to train the entire organization in project management. The consultant also worked closely with the proposal team in responding to the DOE project management requirements. The proposal was submitted to DOE during the second week of August. In September 2013, DOE provided Kombs with a list of questions concerning its proposal. More than 95 percent of the questions involved project management. Kombs responded to all questions.

In October 2013, Kombs received notification that it would not be granted the contract. During a postaward conference, DOE stated that it had no "faith" in the Kombs project management system. Kombs Engineering is no longer in business.

QUESTIONS

1. What was the reason for the loss of the contract?
2. Could it have been averted?
3. Does it seem realistic that proposal evaluation committees could consider project management expertise to be as important as technical ability?

