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## **Avoiding 'Uh-Ohs'**

*Recognizing the sources of scope creep prevents small and large capital projects from getting out of hand.*

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by Mike Steur

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Consider this scenario: As you have for the past eight weeks, you and your bakery team of experts are about to convene to continue discussions on procurement and installation progress of a new line at your plant. Yet as you enter the conference room, you notice John from marketing is sitting at the table. Even though John's group has not been part of the meetings to date, his manager now thinks their department should have been represented. And they have a few comments, like, "Oh, by the way, we need the line to produce ..." And you think, "Uh oh." The conditions are now perfect for scope creep to set in.

Does this sound familiar?

Generally defined, scope creep is the gradual addition of unchecked changes in a project's scope that ultimately create project cost overruns and schedule delays. Scope creep is triggered by a set of common causes such as the identification of new project requirements or a team that believes a project will be simple but discover along the way that it is more complex than expected.

Of course, not all project changes lead to scope creep. Beneficial scope changes usually add value to a project and probably receive executive approval because they are strategically focused and may even provide improved return on investment. Increasing flexibility of a production line to manufacture a different product, for example, might foster new sales opportunities that did not exist at the time of the project's approval. Such changes go beyond just being nice-to-haves and may reduce operating costs, save time, enhance payback and/or create greater adaptability for the future.

On the other hand, changes that are part of the scope creep problem are things that add to project costs without bringing direct benefit/value to the project. For example, the plant might want to replace a piece of older equipment "while we're at it," but that equipment is not essential to the project's goal.

The keys to understanding the difference between scope changes and scope creep, and therefore avoiding "uh oh" moments, are to stay focused on project success criteria without discouraging the input of new ideas and to learn to recognize the primary causes of scope creep. In most cases, scope creep is generated by three primary sources: failure to include all of the appropriate stakeholders in the scope definition phase of the project, limited experience level of participants and activities that occur as part of the funding approval process.

For each of these root causes, communication is important. The level and quality of communication between project participants — or lack thereof — can be a strong indicator of whether scope creep will be managed successfully.

**WHO IS AT THE TABLE?** Projects can start and evolve very quickly. If all potential stakeholders are not at the table or fully engaged early in the process, this can cause issues down the road. On a project, this means ascertaining whether every key stakeholder group in the company that could have an input to your project is represented. Gather input from marketing, sales, quality control, distribution, regulatory agencies, R&D, finance, the business unit and more to minimize scope creep. Working together, this team can help clarify the overall project needs, determine how the product will be manufactured, quality-tested, stored, shipped and delivered to customers.

Of course, involving multiple stakeholders in a project brings risk, too. For all companies, large or small, the number of stakeholders on a project can be enormous. Another department, another agency, another quality person, etc., always seems to be coming to the table. Certainly, the bigger the organization, the greater the risk that can arise from having too many opinions involved.

It is important to recognize and communicate up front the difference between group input and group decision-making. Getting group input is good. Group decision-making is not. Well-formed project teams have someone on board who is endowed with the power to make sure that any decisions regarding project requirements will help achieve the company's long-term vision. Such a person might be an industry expert or someone closely tied to the project sanctioner.

Beyond having multiple opinions to navigate, multiple stakeholders also means understanding where hand-offs will occur. Because every project has numerous hand-off points between internal and external stakeholders, the responsibilities of each entity must be clearly delineated. When team members are not sure, they often will assume someone else will be doing something, and gaps are certain to occur.

One issue frequently cited as a reason why more stakeholders are not involved in a project is the need for confidentiality, particularly in the case of a new product launch. People simply do not know how much can be shared. Share too much, and you risk having vital information reach your competitors' ears. Share too little information, and you may have a cause for scope creep during project implementation. Balancing these risks requires the delicate task of finding people who know the most about the project requirements but who are low risk for compromising confidentiality. The more honest and open your company is, the less likely scope creep will occur. Yet doing so creates the potential vulnerability to letting information out to competitors. Knowledge sharing, therefore, must be balanced with the real, not perceived, need for confidentiality.

**EXPERIENCE COUNTS.** Do you know what you need to know? Control of scope creep is made more challenging by the varying levels of experience among stakeholders. Consider these points:

- The less experienced the organization, the more that is not known.
- Larger organizations generally have more experience, but their size also creates more opportunities for communication issues to occur.
- Organizations that are often the best at limiting scope creep are those that are nimble enough and small enough to react easily to changes and communicate well with all players.

For your company, this means that you must understand the influence of experience and flexibility on the composition of your project team and do your best to mitigate the issues that arise by seeking as much experience as possible. Recognize what questions to ask because certainly there will be things you know and things you don't know you don't know. For example, if this is a first-time application for your company, pre-existing conditions that you have not explored are bound to appear, whether those conditions are from your target market, regulatory requirements, distribution channels, quality, etc. The solution, then, lies in knowing as much as you can.

For some people, this means having a checklist in hand. Checklists can indeed be helpful tools, but they can never cover all the potential issues. Even better is to have a person on your team — preferably leading the project — who does not need a checklist because he or she has been through the process before. Experienced project managers can tell or sense when a project has been well planned, thereby avoiding major gaps.

They can also sense a level of completeness about a project.

Last but not least you must consider the need to engage experienced outside team members such as engineers, equipment vendors, contractors and more. In fact, some companies are moving to project-delivery models where they maintain consultants or vendors from project to project because those organizations "know us and what we want." They theorize that doing so creates greater project agility and value.

#### **CAPITAL APPROVAL PROCESS.** Who needs to know what you know?

Sometimes, both the stakeholders and team experience are in place to pull off a project successfully, but the project still ends up with scope creep thanks to the process involved in securing approval for the necessary funding. In these cases, several factors may be at work, including:

- **Poor definition and/or communication of the concept.** Obviously, if you cannot explain to company management what you are planning to deliver, the project will most likely not be approved. However, in those cases where a minimal amount of information enables the project to be approved as a concept, there can be enough gaps in the project requirements to create opportunities for scope creep at later stages of the project.
- **Unrealistic expectations by management and post-approval changes.** As a project progresses, particularly if it was approved as a concept, information will develop, and gaps will be discovered. Will management approve additional funding or a lengthening of the schedule, or will they tell you that you have to do what you want with the approved budget and

schedule?

- **Strategy changes.** A change of strategy by the company at any point in a project will almost certainly impact scope, schedule and budget. In most cases, little can be done in these situations to prevent this from occurring.

**CAN YOU IGNORE ADVICE?** Do you have to go into your next project with every possible stakeholder on board or with a solid grasp of every possible issue that can arise?

Certainly not — yet ignore these risks, and you could end up with a serious case of scope creep.

The best way to reduce scope creep risk is with a knowledgeable and experienced team, clear project objectives and a well-defined scope. The unforeseen drivers of scope creep can then be evaluated against a solid baseline, and the consequences of addressing the new information (potential scope creep) can be evaluated and resolved promptly.

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