



CEDR Solve Project Mediation – where effective relationship management and project risk management meet

by Nicholas Gould, Partner

What is Project Mediation?

Project Mediation is a structured way of managing interaction and communication between the project team more effectively. Its aim is to support the successful delivery of a project. Very simply, Project Mediation builds into projects a skilled independent overseer (or overseers) of communications and interactions so that this element of projects is independently managed rather than left to chance or hope. By underpinning effective relationship management coupled with good project risk management, Project Mediation develops “partnering with teeth”.

Why consider it and what are the benefits?

- **Improving productivity** - According to the National Audit Office, effective partnering and the good management of supplier relations can increase the value of a contract by 3-4%. Similarly, poor supplier relations can reduce value in a contract by 5-6%.

Project Mediation builds high effectiveness probability into system design from the outset.

- **Enhancing collaborative working** – Partnering requires commitment to collaborative working and energy and drive to make it work.

Project Mediation creates a structure to deliver real commitment to collaborative working through the use of impartial mediators who immerse themselves in the project. Also, it minimises intellectual waste by encouraging integrated thinking.

- **Better response to project finance and risk management pressures** - There are increasing requirements on banks and the project management team to have in place efficient risk management processes which go beyond dealing with credit risk to looking at operational risk and having effective means of preventing and dealing with conflicts and differences which inevitably develop on complex projects. Also, no matter how risk appears to be placed under different forms of contractual regime, unforeseen circumstances still need to be dealt with effectively.

Project Mediation builds investor confidence. It can be seen as a form of project insurance, insulating the project from one key dimension of commercial failure, and building confidence for future project investment.

- **Enhancing project risk management** - Traditional risk management approaches rely mainly on the implementation of a methodology focussing on technical aspects but usually leaving out ways of dealing with human factors (communication or personality issues) in projects.

Project mediation encompasses communication expertise as well as technical and contractual expertise.

- **Better client/project manager information flow** - Research shows that delays and disruptions have a much greater impact on cost overruns than project managers intuitively expect. To be comfortable with the information received from the project manager during the course of the project, the client wants to know that the project manager has put in place an appropriate mechanism to ensure that the client's objectives are aligned with those of the project manager and that the client's own objectives will be successfully delivered in the optimum way.

Project mediation deals with all project communication lines. It adds to the client's (and funder's) comfort level because a safety mechanism is in place to deal with any information problems which might occur about what the project manager is doing. Equally, it can help the project manager in communicating more effectively with the client.

- **Preventing problems from escalating** - When problems or anticipated problems arise it is often easy for members of the project team to fall back on 'blame culture' behaviours.

Project mediation brings together conflict prevention and conflict resolution. It manages conflicts or potential conflicts in real time before they become crises and operational blocks.

How does it work?

CEDR Solve Project Mediation consists of three components:

1. Access to two mediators for the duration of the project - Each month one or both of the mediators will attend the project site to discuss progress and identify with the parties any actual or potential communication problems. The visit will normally coincide with the regular project or site meetings. The mediators may have discussions with the Contractor, Employer or any member of the project team, and also receive core documentation to review during the course of the works. The mediators may be contacted at any time to discuss project concerns and to seek guidance.
2. Project mediation workshop attended by all project decision-makers prior to contract commencement.
3. Formal mediation (if required) on key issues arising or guidance on streamlined, cost effective routes to resolution of significant differences and risks

What does it cost?

Project mediation costs a fraction of the contract value. The savings achieved through the better management of project team, supplier and project stakeholder relations easily absorb this cost. As an example, on a £35m contract lasting 24 months, the cost of project mediation would be 0.3% of the contract value.