COMMENTARY · JULY 2026

Slowly, Then All at Once

Distressed Project Advisory, the Anatomy of Project Stress, and What Recovery Actually Requires

Nearly every complex infrastructure and renewable energy project that enters into distress and eventually ends in formal dispute passed through a period, typically twelve to twenty-four months long, when it was still recoverable. The programme was in distress but not yet in default. The commercial positions had hardened but the formal claim had not been submitted. The lender was beginning to ask questions but had not yet triggered the cure period. This commentary examines that window: what it looks like, how long it stays open, what closes it, and what is required to act within it before it closes.

The Hemingway Principle in Project Delivery

Ernest Hemingway's reference to bankruptcy in The Sun Also Rises - "gradually, and then suddenly"[1], provides a more accurate description of complex infrastructure project failure than any programme management textbook. Projects do not fail at a single identifiable moment. They degrade across multiple dimensions simultaneously to varying degrees: programme erosion, commercial deterioration, quality degradation, governance degradation, and organisational fatigue. Governance degradation refers to the gradual decline in decision quality, transparency, independence and accountability that occurs as project pressures accumulate. The visible failure, the formal extension of time claim, the commercial claim, the relationship breakdowns, the lender step-in, the contractor insolvency, is the culmination of a process that was observable, and in most cases recoverable, months or years earlier.[2] Early warning systems exist, but organisations frequently fail to respond to them, often due to failure to see through complexities, uncertainties, and interpersonal effects.[3]

The author's view, based on more than three decades of infrastructure project delivery across Asia-Pacific, is that this pattern is not confined to poorly managed projects. The most instructive feature of major infrastructure distress is its prevalence on projects staffed by competent, experienced professionals operating within governance frameworks that were adequate at financial close but progressively inadequate as delivery challenges accumulated. The difference between a project that recovers and one that proceeds to formal dispute is rarely a function of the technical competence available to the project. It is a function of when, and by whom, the honest assessment of the project's trajectory is surfaced to the governance framework that has the authority to act on it.

The thesis of this commentary is straightforward: a project that appears to be performing satisfactorily may in fact be a stressed project awaiting discovery, and generally projects come undone by the compound effect of a series of mostly known risks.[4] Good starts do not guarantee good projects, because infrastructure and energy projects are extended in duration, compound in complexity over time, and are delivered by people who become tired, institutionally captured, and progressively less willing to provide the honest governance that the project's increasing stress demands. Many distressed projects remain recoverable, but the method of recovery is as important as the decision to attempt it. And the single most expensive outcome, formal dispute and arbitration, can often be avoided if the intervention occurs early enough and is conducted by practitioners with the relevant direct experience to change the project's trajectory rather than merely document its decline.

[1] Hemingway, E. (1926). *The Sun Also Rises*. Charles Scribner's Sons. p. 136.

2 Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration*. Currency. pp. 34–35.

3 Williams, T., Klakegg, O. J., Walker, D. H. T., Andersen, B., & Magnussen, O. M. (2012). *Identifying and acting on early warning signs in complex projects*. Project Management Journal, 43(2), p. 47.

4 Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration*. Currency. p. 115.

From Performing to Distressed: A Progression, Not an Event

Project distress does not arrive as a discrete event. It develops as a progression through identifiable stages, each characterised by specific symptoms in the programme, in the commercial correspondence, and in the behavioural dynamics of the project team. Understanding which stage of distress a project occupies is the first and most important diagnostic task. It determines what intervention remains possible, what the realistic recovery options are, and what the human approach to the intervention must be.

The four-stage model presented in Table 1 is derived from the author's direct practitioner experience and observations across varying degrees of distressed infrastructure and renewable energy projects in Vietnam, Mongolia, Indonesia, and specifically in Australia. The stage boundaries are not precise as projects may cycle between stages or exhibit characteristics of multiple stages simultaneously, but the progression is consistent. The critical observation is that each stage has a specific intervention window and a specific mechanism by which that window closes. Once the closing mechanism is triggered, the intervention options available at the previous stage are no longer available, and the cost of resolution increases by an order of magnitude. The following model is a practitioner framework developed from more than three decades of infrastructure delivery across APAC. It is intended as a diagnostic model rather than an empirically validated predictive model.

Table 1: The Four-Stage Distress Model

Stage	Visible Symptoms	Underlying Reality	What Closes the Window
Stage 1 Early Stress (Months 1–4)	Minor programme slippage described as recoverable; variation log growing; contractor correspondence becoming more formal; Independent Engineer certificate confirming narrative without challenge.	Contractor's commercial team has identified claim position and begun building contemporaneous records, issuing contractual correspondence. Programme updates managed for narrative, not delivery.	Accumulated inaction across three or more monthly report cycles without intervention converts Stage 1 to Stage 2.
Stage 2 Managed Distress (Months 5–8)	Programme floating on compressed activities; float redistributed not formally consumed; variation log increasing; legal advice engaged by contractor; Independent Engineer's certificate reflecting management's reported position without independently testing emerging programme assumptions.	EOT and cost claims substantially developed internally by the contractor. Monthly report now a commercial management document, not a delivery management document. This is also generally the stage at which experienced project counsel should become actively involved.	Contractor's submission of the formal EOT claim and / or cost claim; Commercial relationship transitions to formal claims / dispute with strained project team relationships; collaborative resolution window closes.
Stage 3 Formal Distress (Months 9–12)	Contractor's EOT and / or cost claim submitted or imminent; legal advisers engaged by both parties; programme in distress with negative float and delays on multiple critical paths;	Project has entered bifurcated reality: delivery and dispute preparation run as parallel tracks with different objectives that conflict at every decision point. Project suffering further	EPC contractor financial strain / possible insolvency issues; lender step-in rights being assessed; Sponsor assessing

	subcontractor and supplier payment delays. Possible withholding of disputed section(s) of contractor payment(s).	delays and project team in conflict.	contractor termination; or project abandonment. Project moves from distress management to crisis resolution.
Stage 4 Crisis (Month 12+)	EPC contractor in financial distress or insolvent; lender step-in rights triggered or Sponsor assessing contractor termination and replacment; project at risk of abandonment; regulatory licence conditions at risk.	Project's commercial structure in fundamental failure. Future determined by legal and governance framework.	Window does not close — the project is in crisis. The question is no longer prevention but preservation of value.

Table 1: The four stages of project distress. Stage boundaries are indicative; projects may exhibit characteristics of multiple stages simultaneously.

Source: Sentinel Advisory practitioner analysis 1992–2026. These durations are indicative only and vary with procurement model, project size, financing structure and contractor capability. Although projects may move between stages, they rarely regain the full range of intervention options available at earlier stages.

The most important observation across all four stages is the consistency of the human failure mechanism. At every stage, the individuals who possess the most accurate understanding of the project's true condition have institutional or personal incentives not to act on that understanding. The Project Director who knows the programme is unachievable has incentives to report it as recoverable. The Independent Engineer who knows the monthly certificate does not reflect the project's actual trajectory has incentives to confirm the narrative being presented rather than challenge it. The lender whose financial model assumptions are being eroded has incentives to accept the certificate rather than commission the independent review that would require formal acknowledgment of the deviation. And the degradation of project team relationships can often exacerbate the distresses, with divisions and emotions compounding towards an untenable structure.

> *The intervention window in a distressed project does not close because the situation becomes unmanageable. It closes because everyone in the room is managing something other than the situation. Their professional relationships, their institutional positions, their personal loyalties, and their fear of being the person who named the problem.*

SECTION 3 · THE HEMINGWAY CURVE

Why Good Starts Do Not Mean Good Projects

The construction industry's reliance on early-stage performance indicators as proxies for project health is one of the most persistent and costly analytical errors in infrastructure delivery. A project that achieves its first three or four milestone dates, that operates within its initial cash flow forecast, and that generates positive monthly progress reports is classified by the project team, by the lender, and by the governance framework as a performing project. This classification is frequently incorrect, and the error compounds over time because the classification itself reduces the governance scrutiny that would have

identified the emerging stress. This observation does not diminish the importance of robust front-end planning. On the contrary, Merrow demonstrates that front-end loading of projects, including expenditure of three to five percent of eventual capital costs in defining and planning, is a leading indicator of project success, and offers the cautionary observation that the cost of a project should be well defined within expenditure of one percent of eventual capital costs.[5]

The phenomenon operates through three distinct mechanisms. First, the activities that dominate the early programme. The mobilisation, site establishment, foundation works, design completion, and procurement of long-lead items are precisely the activities least likely to reveal the integration, coordination, and interface management failures that will define the project's trajectory in its first, second and if relevant, subsequent years. A project can complete its enabling works on programme and on budget while the conditions that will produce twelve months of delay and a multi-million dollar claim are already embedded in the design coordination, the subcontract packaging, the selected technologies, the EPC contractor's resource deployment and cost assumptions, and various assumptions that have not been adequately planned nor tested.

Second, the governance framework that is appropriate for a performing project is structurally inadequate for a project transitioning into stress. The monthly reporting cycle, the steering committee, and the periodical lender reviews are governance instruments designed for steady-state monitoring. They are not designed to detect the early signals of systemic distress: the progressive formalisation of the contractor's commercial and contractual correspondence, the redistribution of programme float from genuine contingency to compressed logic that cannot be executed, the increasing divergence between what is being reported and what is actually occurring on site, and the increase in the variation order log as the contractor's commercial claims team begins positioning the claim.

Third, and most consequentially, the people who are best positioned to identify the transition from performing to stressed, the Project Director, the Project Manager, the Construction Manager, the Commercial Manager are the same people whose professional incentives align with maintaining the performing classification for as long as possible. The senior manager who reports the first amber signal initiates a governance response that will consume management time, trigger lender scrutiny, and potentially compromise the senior manager's own professional standing. The rational response, within the institutional incentive structure as it exists, is to manage the emerging stress internally while reporting the project as performing to delay the formal acknowledgment until the internal management has either resolved the stress or has failed to the point where the formal acknowledgment can no longer be avoided. Optimism bias and strategic misrepresentation are not individual failings, but a structural governance feature.[6]

This is the Hemingway curve in practice. The project degrades gradually, through the accumulation of small governance failures, small commercial concessions, small programme compressions, and small departures from the baseline assumptions that the financial model, the lender's investment committee, and the project company's board relied upon at financial close. Each individual degradation is

5 Merrow, E. W. (2011). *Industrial megaprojects: Concepts, strategies, and practices for success*. Wiley. pp. 4–5.

6 Flyvbjerg, B. (2006). *From Nobel Prize to project management: Getting risks right*. Project Management Journal, 37(3), pp. 4–5. See also Kahneman, D. (2011). *Thinking, fast and slow*. Farrar, Straus and Giroux Ch. 23. See also Kahneman, D., & Lovallo, D. (1993). *Timid choices and bold forecasts: A cognitive perspective on risk taking*. Management Science, 39(1), pp. 27–28 relating to 'organisational optimism' and funding rewards optimism. See also Kahneman, D., & Tversky, A. (1979). *Prospect theory: An analysis of decision under risk*. Econometrica, 47(2), p. 263 that supports the theory that behavioural departures from rational choice are systematic rather than idiosyncratic.

manageable. The aggregate is not. And the transition from manageable to unmanageable occurs not as a linear function of the accumulated degradation but as a step function, triggered by a specific event (the formal EOT claim, the contractor's liquidity failure, the lender's loss of confidence) that converts months of gradual decline into sudden crisis.

The author's experience within Asia-Pacific in the roles of Director, Project Director, Project Manager, Construction Manager, Commercial Manager, etc., over more than three decades is testament to the fact that various stakeholders do not want a senior project team member stating that a project is nearing or in stress. This institutional optimism overrides good sense and reason[7], including senior management who may not recognise the issues, and some who do not want to start the dialogue over what was missed in the tender bid, the contract, and what that now means. Such optimism bias results in decisions being made on ideal visions of future rather than realistic weighting of benefits, losses and probabilities, resulting in unlikely realisation of expected optimistic benefits and costs.[8]

SECTION 4 · HUMAN FAILURE POINTS

Why Distress Accelerates When the People Are the Right People

One notable feature of major project distress is that it occurs most frequently on projects staffed by competent, experienced, and professionally committed individuals. The Project Director who fails to surface the programme distress at Stage 1 is not, in most cases, incompetent. The Independent Engineer who confirms the contractor's narrative is not, in most cases, negligent. They are each performing a role that the project's institutional structure has defined for them, and that role is defined in ways that make honest governance structurally difficult, regardless of the individual's professional commitment to providing it.

The Project Director's Impossible Position

The Project Director on a major distressed EPC project is simultaneously required to manage delivery (which demands honest assessment of what is achievable), to manage the lender relationship (which demands presenting the project in the best commercially defensible light), to manage the contractor relationship (which demands maintaining working arrangements with the party whose claims position is being prepared), and to manage their own organisation's expectations (which demands the optimism that the organisation's planning process assumed). These four obligations are structurally incompatible when the project is in distress. The Project Director who prioritises honest delivery assessment may be placed in a position where the lender relationship is compromised. The Project Director who prioritises the lender relationship may be placed in a position where the honest assessment is compromised. And

7 See Kahneman, D. (2011). *Thinking, fast and slow*. Farrar, Straus and Giroux, Ch. 24. See also Flyvbjerg, B. (2021). Top ten behavioral biases in project management: An overview. *Project Management Journal, 52*(6), pp. 9–10.

8 Flyvbjerg, B. (2021). *Top ten behavioral biases in project management: An overview*. Project Management Journal, 52(6), pp. 539-540.

the Project Director who attempts to manage all four simultaneously, will typically fail at some, if not all four.

This is not a criticism of individual competence. It is an observation that organisational incentives can produce rational decisions that collectively generate poor governance. It is also a description of a structural governance failure that places an unreasonable burden on a single individual. The person who has managed major projects through delivery challenges carries a specific professional liability: the understanding of what the current signals mean, combined with the knowledge of what happens when those signals are formally acknowledged. The experienced professional who has seen a formal programme distress notification trigger a lender review, freeze the drawdown, and consume six months of management time in consequence management has a specific incentive to delay the formal acknowledgment in favour of attempting the informal recovery that experience tells them is sometimes possible. This pattern mirrors the escalation-of-commitment literature, in which decision-makers persist with a failing course of action to justify prior investment and decisions rather than revise the initial assessment.[9]

The Silence of the Competent

One of the most consistent patterns in distressed projects is the silence of the most experienced people in the room. This silence is not dereliction. It is professional judgement applied in the wrong direction by the wrong incentive structure. This pattern is consistent with the psychological safety literature: individuals routinely withhold concerns in environments where speaking up carries a perceived professional cost and possible "blow to his or her image".[10] The Project Director who manages the distress quietly is doing what their experience has taught them is the most effective approach. The problem is that the approach works in some situations and fails catastrophically in others, and the difference between the situations is not always visible until the approach has already failed.

The external advisor who can assess the situation without the institutional pressures and personal history that shape the internal judgement is the resource that makes the difference. This is not a comment on the advisor's superior competence. It is a comment on the advisor's structural independence. The advisor who has no reporting line within the project company, no relationship history with the contractor, no history on the project, and no professional stake in the optimistic narrative that the project team has been maintaining is the advisor who can provide the honest assessment that the governance framework requires but the institutional structure has been preventing.

The Contractor's Commercial Team: The Adversary You Did Not Invite

A consistent observation of distressed projects is this. By the time the owner's team has formally acknowledged the project is in distress, the EPC contractor's commercial team has been preparing the claims position for a period that is typically two to four times longer than the owner's team has been

[9] Staw, B. M. (1976). *Knee-deep in the big muddy: A study of escalating commitment to a chosen course of action.* Organizational Behavior and Human Performance, 16(1). pp. 27, 42.

10 Edmondson, A. C. (1999). *Psychological safety and learning behavior in work teams.* Administrative Science Quarterly, 44(2), p. 351

aware of the problem. This is not a criticism of the contractor's commercial function nor the owner's team. It is a description of institutional competence. The commercial team that identifies a potential claim position in month three and begins building contemporaneous records and preserving the notification trail is performing exactly what their professional role requires. This asymmetry is often compounded because contractor commercial teams specialise in claim preparation throughout delivery, whereas many owners only assemble equivalent expertise after disputes have formally emerged.

The owner's governance structure that lacks an equivalent, an experienced technical and commercial advisor monitoring the same signals from the owner's perspective, building the owner's contemporaneous records, and assessing the contractor's correspondence for the claim signals it contains is a governance structure fighting a commercial contest with asymmetric information. The distressed project advisor's most immediate contribution at Stage 1 or Stage 2 is frequently to establish this equivalence, to ensure that the owner has the same quality of commercial and technical intelligence that the contractor's team has been developing for months.

The Multicultural Dimension in APAC Frontier Markets

In APAC frontier market projects, particularly those delivered by foreign and / or state engineering organisations with multinational lenders and multinational Sponsor management, the human failure points described above are amplified by specific cultural and linguistic dynamics that the standard project governance framework does not address. It also appears that organisational decision-making structures common in some APAC jurisdictions may place greater emphasis on preserving institutional harmony and avoiding public acknowledgment of failure, a tendency that can mean Stage 1 early warning signals are communicated less explicitly than in a same-culture project environment. Chan and Tse's research findings indicate that some organisational cultures commonly encountered across Asia-Pacific tend to have a different attitude to dispute resolution in international projects, and that multi-cultural projects carry a greater risk of disputes.[11]

In the author's experience, these dynamics are compounded by institutional and organisational communication tendencies that are not universal but recur often enough to warrant attention. A lender's institutional preference for consensus-based, indirect communication can mean that uncomfortable questions are asked less directly and less urgently than the situation warrants. A state-owned or government-linked Sponsor may bring a specific institutional culture and set of expectations around hierarchy and the public acknowledgment of difficulty; a privately-held Sponsor may favour a more direct communication style with different expectations again; different equity partners may apply different lenses again depending on their own institutional and governance culture. A project management team's preference for explicit written communication can create a correspondence record that a contractor's commercial claims team may use selectively as evidence, while a contractor's preference for verbal communication can leave the owner without the written contemporaneous record that the eventual claim will require. Intertwined, these institutional tendencies, communication styles, cultures and differing expectations can produce misunderstandings that are far-reaching.

11 Chan, E. H. W., & Tse, R. Y. C. (2003). *Cultural considerations in international construction contracts*. Journal of Construction Engineering and Management, 129(4), 375–381.

The distressed project advisor who understands these dynamics from direct experience, not from general cultural awareness training, is the advisor who can design the communication approach that makes honest commercial conversation possible across the cultural boundaries that are creating and possibly exacerbating difficulties.

SECTION 5 · RECOVERY REQUIREMENTS

What Recovery Actually Requires: The Practitioner, Not the Credentials

The distressed project advisory market is adequately supplied with credentialled practitioners. There are experienced project managers, construction lawyers, quantum surveyors, delay analysts, and programme management specialists available to assess a distressed project, review the documents, and produce a report. What is materially less available is the practitioner whose specific combination of experiential authority, human capacity, and emotional intelligence is often capable of shifting the dynamic in a distressed project environment — rather than simply describe the dynamic more accurately than the people already in the room.

The Authority of Relevant Experience

The first quality required in a distressed project advisor is the specific authority that comes from having managed a comparable project, or a number of projects, through a project lifecycle and a comparable distress period in comparable conditions. This is the authority that is often capable of changing the dynamics of the discussion immediately — not because the advisor claims it, but because the Project Director, the contractor's commercial manager, and the lender's representative can often recognise it early in the engagement. The Project Director who has spent six months managing the distress alone will respond differently to an advisor who says "I have been in this situation before; here is what is about to happen, and here is what needs to be done in the next thirty days" than to an advisor who says "based on my review of the documents, I assess that the project is in distress." The first statement has the authority of direct experience. The second has the authority of document review, without demonstrable credibility. In the author's experience, only the former consistently changes the Project Director's behaviour, the project team’s outlook, and demonstrates the direct experience and credible authority to the relevant project stakeholders.

Emotional Intelligence in Technical Environments

One of the most important skills in a distressed project advisor is not analytical. It is the capacity for active listening and experienced observations: the ability to read what is not being said in the project room. The specific silences, hesitations, and deflections that indicate where the real distress is located and why it is not being surfaced. The senior manager who answers a question about the programme with a discussion of the contractor's resourcing is communicating something specific about where the governance authority deficit lies. The Independent Engineer whose monthly certificate is a three-

paragraph confirmation of the contractor's narrative, with no independent assessment and no flag of the amber indicators in the data, is communicating something specific about the scope they were appointed to and the commercial pressures they operate under.

Reading these signals and knowing how to respond to each of them in a way that opens rather than closes the honest conversation requires direct experience of the human dynamics of distressed project rooms. It cannot be learned from documents. It cannot be approximated by general training programmes. It is the product of having been in those rooms, having made the mistakes that the current room is making, and having developed the specific interpersonal authority that makes an honest conversation possible in conditions where every participant has a powerful incentive to avoid one.

The Capacity to Give Unwelcome Advice

One of the distressed project advisor's most consistently required personal qualities is the capacity to tell project principals, sponsors, boards, lenders, and Project Directors things they do not want to hear, in a way that preserves the relationship and the advisory authority that makes the advice actionable. The board that receives the honest assessment from a seasoned advisor with no skin in the outcome and no institutional loyalty to the project team's optimism is a board that can make the governance decision the situation requires. Giving qualified, substantiated, yet unwelcome advice without destroying the relationship dynamics that makes the advice effective is a specific and rare professional skill.

The Ten Lessons That Distressed Project Experience Produces

The practitioners who have managed major infrastructure projects through distress and recovery carry a body of knowledge that cannot be acquired from training programmes, from advisory engagements that begin after the distress has formalised, or from the study of dispute outcomes. It is knowledge produced by having made the decisions, the wrong ones and the right ones, in real time, under the pressure of actual consequences.

The Ten Practitioner Lessons

#	Lesson	Explanation
1	**The problem is always older than anyone in the room acknowledges.**	In every distressed project engagement, the actual origin of the distress is earlier than the formally acknowledged date. The claim that arises in month twelve has its roots in decisions made in months three and four.
2	**The contractor's commercial position is always more developed than the owner knows.**	By the time the formal EOT claim arrives, the contractor's team has typically been preparing it for many months. The owner without a parallel contemporaneous record enters the dispute at a profound evidentiary disadvantage.
3	**The programme the contractor is showing is not the programme the contractor believes.**	The programme update maintaining the completion date in months nine through fourteen is the contractor's contractual position, not their internal assessment. The programme is being carefully constructed to suit the contractor’s position and leverage from time and cost claims. The experienced advisor reads the gap.
4	**The most valuable information is in what is not in the documents.**	Documents record what parties chose to put in writing. They do not record meeting discussions, informal agreements, or shared understandings. The advisor who reads only the documents reads the edited version.
5	**Recovery plans fail when governance remains unchanged.**	A revised programme or additional resourcing will not hold if the governance failure that allowed the distress to develop unnoticed is left unaddressed. Sustainable recovery requires governance reform, not only a new plan.
6	**Honest commercial conversation is possible only before the formal claim.**	Once the formal EOT and / or cost claim is submitted, legal advisers control the commercial conversation, and the collaborative resolution window closes permanently as trust erodes and teams become divided and defensive.
7	**The lender needs the honest assessment more than the good news.**	The lender who receives honest assessment at Stage 1 or 2 has options. The lender who receives good news at Stage 1 and crisis at Stage 3 has a portfolio problem and a governance failure to explain.
8	**The recovery plan that works addresses the cause, not the symptom.**	Additional resources injected without addressing the governance failure that produced the distress will produce a better-resourced version of the same failure.
9	**People recover projects, not plans.**	The recovery plan is a document. The recovery is a human achievement by the specific people who find a way to work honestly in conditions where institutional incentives push toward managed conflict, and relationships are strained.
10	**Early engagement is never as expensive as late engagement.**	The advisory cost at Stage 1 is a fraction of the cost at Stage 3 and a tiny fraction of the arbitration cost at Stage 4. This is not a commercial proposition. It is the most consistent factual finding across every distressed project review.

Table 2: The ten practitioner lessons from distressed project experience. Source: Sentinel Advisory practitioner analysis.

These ten lessons are not theoretical observations. They are the operational findings of practitioners who have applied them across multiple distressed project engagements and tested them against the outcomes those engagements produced. Each lesson has a corresponding intervention, a specific action that the distressed project advisor takes at the stage where the lesson applies. The aggregate of these interventions, applied in sequence and adapted to the project's specific conditions, is what constitutes distressed project recovery.

SECTION 7 · PROJECT COUNSEL ENGAGEMENT

The Role of Project Counsel: The Engagement That Should Have Started Earlier

A common lesson from distressed project experience is that the project counsel engagement that is most valuable, the engagement that would have changed the project's outcome, is the engagement that did not happen. The legal counsel who is first briefed at month eighteen, when the formal EOT and / or cost claim arrives, is briefed on a project whose commercial history has been created without legal oversight, whose correspondence record contains admissions that experienced contract counsel would have avoided, and whose position in the dispute has been partly determined by commercial decisions made by non-lawyers who did not understand the legal consequences of those decisions.

The difference between project counsel retained throughout the delivery phase and legal counsel briefed only at the crisis point is fundamental. Retained project counsel knows the contract, knows the project's commercial history, and knows what rights have been exercised and what rights remain. They can assess the commercial consequences of a proposed action before it is taken. They can identify the notice obligations that are about to expire before they expire. And they can have the honest commercial conversation with the owner about the project's legal position, including the parts of that position that are uncomfortable, before the formal claim creates the adversarial environment in which honest conversation is no longer possible.

The distressed project advisory engagement that does not include integrated project counsel is an engagement addressing the commercial and programme dimensions of the distress without addressing the legal dimension. For projects beyond Stage 1, the legal dimension is inseparable from the commercial and programme dimensions. The contractual rights that have been exercised, the notices that have or have not been given, the correspondence record that has or has not been managed, and the lender's obligations under the facility agreement are each integral to the advisor's assessment of the options available.

What Early Engagement Actually Looks Like

The value of early engagement of advisory resources is not primarily financial, though the financial case is conclusive. It is temporal: the options available at Stage 1 are not available at Stage 3. The recovery plan that is achievable at month four is not achievable at month fourteen. The commercial conversation that is possible before the formal claim is submitted is not possible after it. Time is the resource that early engagement preserves, and the quality of that time, measured in the width of the intervention window, is what the distressed project specialist advisor converts into recovery.

In practice, early engagement looks like this. The advisor arrives at the project with no document preparation, no briefing note, and no pre-formed assessment. They spend some time on the project site, attend the next project meeting, the next steering committee meeting, and the next commercial meeting with the contractor's team, not as an observer but as an active participant. They speak with the Project Director privately, in the kind of honest conversation that the Project Director has not been able to have with anyone inside the project's institutional structure. They read the correspondence, the programme, the variation log, and the IE certificate as a practitioner who has produced these documents many times before and who knows what they are actually saying, and importantly, what they are not saying.

After a short period of time, the advisor knows which stage the distress is in, what the specific drivers are, what the contractor's commercial team is building toward, what is actually happening on the project site, what the lender does not know that it needs to know, and what the three or four specific interventions are that the situation requires. This assessment is not a report. It is a conversation, with the Project Director, with the board, with the lender, and with the contractor's project leadership. That is the most valuable single output of the advisory engagement. The report follows. The conversations and analysis come first.

> *After a few days in the room, on the site, and in the honest conversation that the institutional structure has been preventing — an experienced advisor knows more about what is actually happening than any document review will reveal in a few months.*

The Cost Differential: Prevention Versus Resolution

Indicative Cost Comparison — Intervention Stage vs Resolution Cost

The author's experience and various global claims and disputes analyses find that dispute value and resolution timelines increase sharply the later in a project's life the underlying issues are formally addressed.[12]

Intervention Stage	Indicative Advisory Cost	Indicative Dispute / Resolution Cost	Cost Multiplier
Stage 1 (Early Stress)	USD 50,000–150,000	N/A (distress prevented)	1× (baseline)
Stage 2 (Managed Distress)	USD 150,000–500,000	USD 1–5 million (commercial settlement)	3–10×
Stage 3 (Formal Distress)	USD 500,000–2 million	USD 5–20 million (arbitration)	10–40×
Stage 4 (Crisis)	USD 2–10 million	USD 20–100+ million (insolvency/replacement)	20–100×

Table 3: Indicative cost comparison by intervention stage. Figures are order-of-magnitude estimates based on APAC infrastructure and energy projects in the USD 100–500 million range. Actual costs are project specific. Illustrative practitioner ranges only.

Source: Sentinel Advisory. Order-of-magnitude estimates derived from practitioner experience on EPC infrastructure and renewable energy projects across Asia-Pacific with capital values between approximately USD 100–500 million. Figures include advisory, claims preparation, expert and dispute costs and are indicative only.

The following six recovery steps should be applied progressively across the four stages of project distress. Earlier intervention allows more steps to be implemented collaboratively; later intervention increasingly shifts the emphasis from recovery to preservation of value, and the inevitable breakdown of project team trust and relationships exacerbates the time and cost of recovery.

The Distressed Project Recovery Framework
1. Diagnose the stage.
2. Restore effective governance.
3. Create independent truth.
4. Equalise commercial intelligence.
5. Engage project counsel.
6. Recover before formal claims.

Table 4: The Distressed Project Recovery Framework. A practitioner summary of the six-step recovery sequence developed across this commentary.

Source: Sentinel Advisory practitioner analysis of APAC projects 1992–2026.

12 HKA. (2024). *CRUX Insight: Changing the Narrative* (7th annual report). HKA Global. https://issuu.com/hkaglobal/docs/crux_2024_changing_the_narrative_singles

The Window Is Always Open Longer Than You Think and Shorter Than You Have Left It

The consistent finding across distressed projects is that the intervention window was open longer than the project's participants believed. The senior manager who thought the situation was unmanageable at month ten was wrong. The situation was manageable, and the advisor who was engaged at month ten confirmed this by managing it. The lender who thought the project had crossed the point of no return at month fourteen was wrong. Projects have recovered, at significant cost, but they have recovered.

The intervention window is also, consistently, shorter than the project's participants have left it by the time they engage the advisor. The Project Director who has been managing the distress for six months before engaging an advisor has consumed six months of the window in managed silence and stress, and the project is in deeper distress. The lender who has been accepting the IE certificate for four months after the amber threshold was crossed has narrowed the recovery options by four months of inaction. The board that has been receiving optimistic monthly reports for eight months without commissioning an independent assessment has allowed eight months of compounding.

Projects rarely transition directly from healthy to failed. Instead, they stress slowly, then all at once. Good starts are not reliable indicators of good projects, because the conditions that produce distress, such as governance degradation, commercial position hardening, human exhaustion and institutional capture, develop over the extended durations that characterise infrastructure and energy delivery. The project that appears to be performing satisfactorily at month eight may be a stressed project awaiting discovery by an experienced practitioner, or worse, awaiting the event that converts managed stress into unmanaged crisis.

The author's observations over more than three decades align with Flyvbjerg's findings that nine out of ten large projects experience cost overruns.[13] Flyvbjerg's "Iron Law of Project Management" is apt when considering renewable energy and complex infrastructure project delivery: "over budget, over time, under benefits, over and over again".[14] Flyvbjerg's database started with 258 projects and expanded to include over 16,000 projects from more than twenty different fields across 136 countries, resulting in the assessment that 8.5% of projects achieved both cost and time targets, and 0.5% of projects achieved cost, time and benefits targets. In other words, 91.5% of projects breached schedule, cost targets, or both, and 99.5% of projects breached budget, breached schedule, breached benefits, or a combination of these targets.[15]

The following figure demonstrates Flyvbjerg's 'Iron Law of Project Management', depicting the proportion of large infrastructure and energy projects delivered on budget, on schedule, and within anticipated benefits falls sharply as additional success criteria are combined.

13 Flyvbjerg, B. (2014). *What you should know about megaprojects and why: An overview. Project Management Journal, 45*(2), p. 9. Flyvbjerg's finding that 9 out of 10 megaprojects experience cost overruns confirms that poor final outcomes are the norm, not the exception, and that apparent early-stage performance provides no reliable protection.

14 Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration*. Currency. pp. 17–18.

15 Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration*. Currency. p. 17.

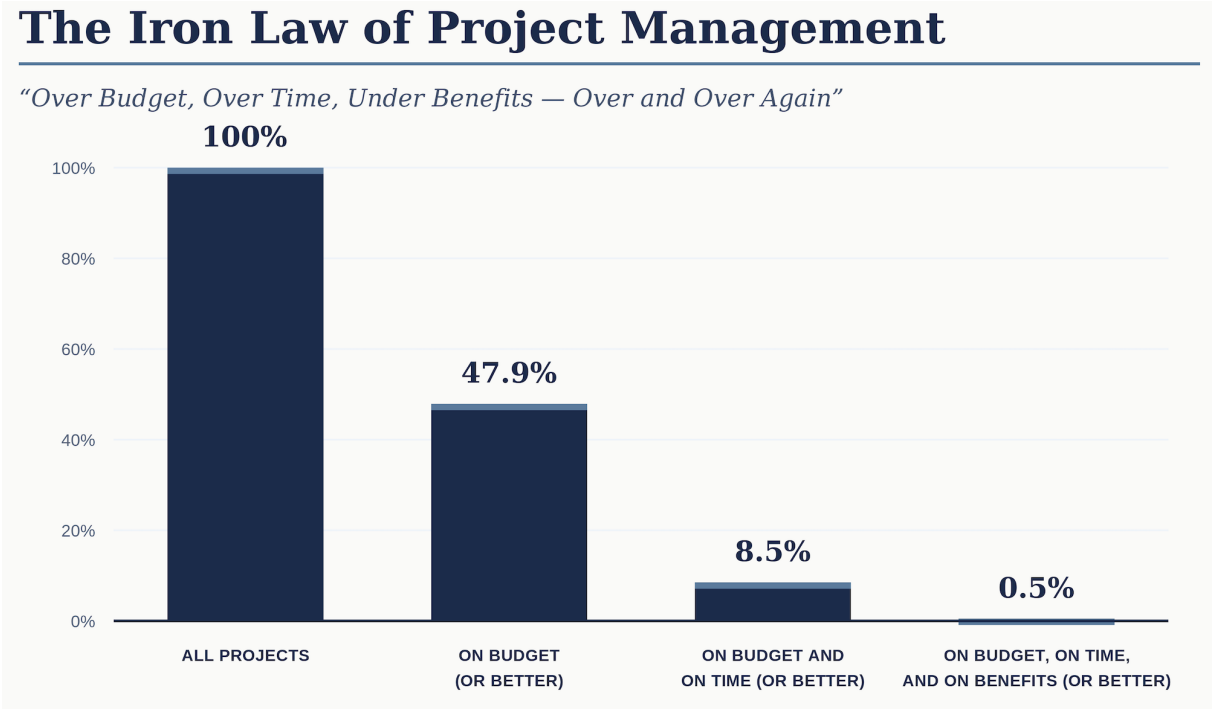

Figure 1: The Iron Law of Project Management. The proportion of large infrastructure and energy projects delivered on budget, on schedule, and within anticipated benefits falls sharply as additional success criteria are combined.

Source: Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration*. Currency. pp. 17–18.

The lesson that distressed project practitioners carry, the lesson most consistently absent from the project teams who most need it, is this. The moment you suspect the project is in distress is the moment to engage the advisor who has been in distressed projects before. Not the moment the formal claim arrives. Not the moment the lender triggers the cure period. Not the moment the programme goes red. The moment the programme goes amber and the room falls quiet. That moment is the intervention window at its widest. It narrows from there. And it closes, if it is allowed to, at a cost that every post-project review of every major infrastructure dispute documents with the same conclusion. It did not have to end this way.[16]

Distressed project advisory is not fundamentally about recovering programmes. It is about restoring the conditions in which experienced people can again tell each other what they already know to be true. Until that occurs, every recovery plan remains subordinate to the governance failure that prevented the truth from being spoken in the first place, and the problems exacerbate and compound with obvious outcomes.

16 Sentinel Advisory. (2026). *SAP-MKT-042: The early warning framework that most projects don't have*. Sentinel Advisory Pte Ltd. [The fourteen-indicator early warning framework and green/amber/red threshold system developed in SAP-MKT-042 provides the specific monitoring framework referenced in this commentary.]

ABOUT THE AUTHOR

Matheson Croyston is the Founder and Managing Director of Sentinel Advisory Pte Ltd, a Singapore-based boutique infrastructure and energy advisory and expert services firm operating across Asia-Pacific and Central Asia with specialist focus on frontier and emerging markets. He holds a Master of Engineering Management and a Master of Law (Business) from Australia, and is a member of the Asia Pacific Institute of Experts (AAPIEx), the Chartered Institute of Arbitrators (ACIArb), the Dispute Resolution Board Foundation (DRBF), the Society of Construction Law Singapore, the Society of Construction Law Australia, the Australian Centre for International Commercial Arbitration (ACICA), and the London Court of International Arbitration (LCIA). He has more than 34 years of direct operational experience in infrastructure and renewable energy delivery across the region. His work focuses on the intersections of engineering, project delivery, governance, risk and dispute resolution.

Sentinel Advisory Pte Ltd · IOI Central Boulevard Towers, 2 Central Boulevard, Singapore · matheson@sentineladvisory.co sentineladvisory.co

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