

# TOP 3 BLIND SPOTS during CapEx Project Planning

Managing risk in advance is the key to ensuring a project stays on schedule and on budget. There's nothing worse than thinking everything is accounted for only to realize the severity of problems at startup.

## 1 Operational READINESS



The **GAP** between **EPCs** and **owners** is often unforeseen.

Many **owners** assume the workforce is prepared for operations on day one. But **EPCs** often prepare over-generalized procedures and training materials.

### Standard **training and procedures**

don't meet expectations, and the lack of in-house technical and process expertise causes problems during commissioning and startup.

**Human error** accounts for around

**80%** of errors in plants and factories.<sup>1</sup>



## 2 Price **PRESSURE** and Optimism **BIAS**

In the zeal to get approval and funding for projects, overconfident project managers fail to address potential risks early enough in the process.<sup>2</sup>

In litigation, a project owner sought **\$2.7 BILLION** in damages for a **3-YEAR** delay.<sup>2</sup>

It costs **50% MORE** to repair a failed asset than if the problem had been addressed prior to failure.<sup>3</sup>

## 3 Project MANAGEMENT Structure



Many **owners** fail to establish the structure, monitoring procedures, and risk management processes.<sup>2</sup>

Without them, personnel don't anticipate unforeseen events and don't build in contingency plans.<sup>2</sup>

**64%** of projects face cost overruns and

**65%** of key challenges are **people, organization, and governance**.<sup>4</sup>

An evaluation of **975** industrial projects by the Construction Industry Institute found that **only 5.4%** met **"best-in-class"** predictability in terms of cost and schedule.<sup>2</sup>



To discuss ways to ensure your capital project achieves an on-time and successful startup, contact us at [info@gpstrategies.com](mailto:info@gpstrategies.com) or call **1.888.843.4784**.



#### Sources

<sup>1</sup> Human Factors Engineering: The Next Frontier in Reliability, Machinery Lubrication, March 2010.

<sup>2</sup> Correcting the course of capital projects: Plan ahead to avoid time and cost overruns down the road, PwC, April 2013.

<sup>3</sup> US National Response Center.

<sup>4</sup> Improving Project Delivery in Oil and Gas: Managing the Megaprojects, Performance, Volume 7, Issue 3, August 2015.