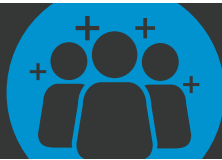


TOP 3 BLIND SPOTS *during* CapEx Project Planning

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.¹



2 Price *and* Optimism PRESSURE *and* BIAS



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



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

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



3 Project MANAGEMENT Structure



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

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



64% of projects face cost overruns and

65% of key challenges are **people, organization, and governance**.⁴



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.²



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



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Sources

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

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

³ US National Response Center.

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