



White Paper 2024-07

How to Setup a Proper Project Management Capability within an Owner Organisation

Setting up and adequate owner organisation for large, complex capital projects can be a challenge for organisations that do not execute such projects regularly or are faced with projects of an unprecedented magnitude and complexity. It is a transformation journey that needs to be conducted in a time-bound manner, in a context of very significant business impact. Based on our experience supporting owners through this journey, this White Paper provides a structured approach to this challenge.

Sizing of the owner organisation

As we have argued in previous White Papers, such as [White Paper 2020-06 'How Essential It Is That the Owner Team Has Sufficient Project Experience For Project Success'](#), establishing a sufficiently competent and capable owner team is an essential success factor, as well as a necessity to protect the owner's interests. While some functions may be contracted to Owner Engineer organisations, it is recommended that the owner internalises a minimum of capabilities (competencies and information system infrastructure – see [White Paper 2020-02 'What Processes and Systems Must be Setup by the Operator During Owner Project Execution'](#)).

Owner team size rule of thumb

As a rule of thumb, the owner team expenditure should represent about 2-3% of the overall Capex for project execution (for the core team only, not counting on-site quality control technicians or similar expenditures directly linked with execution). As an example of the application of this ratio, for a 1 B\$ Capex project executed over 3 years, this thus represents typically about 20-30M\$ or 7-10M\$/year or about 60-90 professionals. For the project development phase, the percentage will be higher, with the team building up progressively to the execution size.

Organisations with limited experience in large capital projects are often astonished by the team size required by this rule of thumb, but we see it as necessary.

Challenges of setting up an owner team

Setting up a dedicated owner team comprising of a couple of dozen project delivery professionals along with the related infrastructure is a challenge that must be anticipated. Challenges often include:

- Project management professionals with experience in large capital projects that are not available within the organisation must thus be recruited externally, and generally do not fit into the usual paygrades of the organisation, requiring special HR treatment,
- A good balance between longer term staffs and newcomers to the organisation must be maintained to allow sufficient synergies. However, project management is often not felt as a worthy career

development pathway because of the risks involved and the fact that project management competencies may not be sufficiently recognised in the organisation,

- It may be difficult to motivate the IT department into implementing specific software for the project team, that are not included in the organisation's IT roadmap and will only involve a limited number of licenses for a significant initial investment.

Owner team setup roadmap

The urgency of owner team setup

We often observe that organisations only become aware of the issue of setting up an owner team quite late during the initial development stages, sometimes not before the end of pre-feasibility study. Until then, personnel from the strategy department with no, or limited capital project experience are often leading the effort.

We believe that it is important to start the mobilisation of a professional project owner team as soon as the opportunity is studied seriously, i.e. no later than during the second part of a scoping study. An early mobilisation of competent and experienced project professionals ensures that the earliest

decisions, which have the greatest influence on the project outcome, can draw on this experience. It will also allow minimal common working and reporting frameworks for all contributors to be specified early, making control and coordination much easier.

Progressive recruitment and setup of the owner team

The recommended roadmap is as follows:

- Increase awareness of the risks related to capital projects and why the mobilisation of an adequate owner team is required,
- Amongst the very first hires should be a high-profile experienced capital project director with the capability and experience to provide an overview of the required competencies and infrastructure. He or she should work together with an executive that knows the organisation well,
- A first set of high-level requirements will be edited to set the stage for governance gates and minimum expectations on the projects and to contributors. This

Establishing a competent and adequate owner team for capital projects is a journey that must start early during project definition

can take the shape of a first version of a project management manual,

- An infrastructure roadmap is setup with priorities such as a document control system,
- As the project development progresses, experienced discipline leads and package managers will be hired; the project organisation will be detailed; requirements to third parties published (such as contractual requirements, interface management process, reporting requirements, administrative requirements etc.); the systems infrastructure will continue to be built. In terms of timing, those aspects must be anticipated before the bids to the main contractors are produced. The project team generally will need to be co-located,
- Governance structures to ensure a proper liaison between the project and the rest of the organisation (in particular the future operator) will be developed in parallel.

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Due to the conflicting needs of delivering the project and setting up the project owner team, external support is often required in this phase to accelerate the process. We often provide support to set up processes, systems and to structure the organisation thereby allowing the owner team to focus on operational work and recruitment.

Success factors for establishing a proper owner team

The establishment of a proper owner team within the organisation is an organisational transformation and therefore, usual success factors involve:

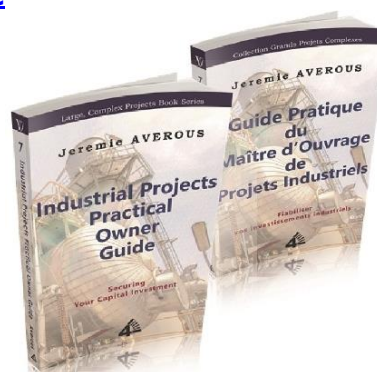
- A sense of urgency and an understanding of importance,
- Real, visible executive sponsor support, if possible at the CEO level,
- The willingness to invest in personnel and infrastructure even if the capital project is still to be formally approved in the future, which requires an entrepreneurial spirit by the organisation,
- A clear and approved roadmap identifying the support required from the rest of the organisation

Summary

Establishing a competent and adequate owner team for capital projects is a journey that must start early during project definition. It will involve substantial investment for the organisation, hiring of experienced project professionals, and investment in specific infrastructure. A successful setup also requires sufficient awareness by senior executives to ensure the necessary steps are taken in a timely manner. It must be led like a transformation project around a roadmap agreed with all relevant stakeholders and provided with the adequate budget and governance. It is an investment, and this has a high return on investment on the actual success of the project: it should be considered as such, and anticipated as needed.

Read the Industrial Projects Practical Owner Guide

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