



It takes hard truths to drive major CapEx programmes.

The key is an integrated information flow from executive level to the cutting edge - and back again.



Too many major CapEx Programmes overspend, overrun and under deliver. Tim Durston, Client Partner at Celerant Consulting UK, says that experience shows there are 3 vital issues which companies must confront to guarantee they stay on track.

Once you press the button on a major CapEx Programme everything changes. You may have drawn up the most detailed plans, built in contingencies and expected the unexpected, but just like the impact of the first bullet in a battle, once that button is pressed and things start moving, hard truths, adaptability, rapid communication and a clear line of vision become the real keys to progress.

Major CapEx Programmes burn money quickly, so minor setbacks can easily escalate into major failures, with risks to your reputation, shareholder value and in some extreme cases, actual survival. The headline grabbing failures that have occurred in UK Defence and Public Sector Capital Programmes are far from isolated events. Too many CapEx Programmes fail to deliver because the timescales, complexities and inconsistencies involved in running a major new programme are completely different to those involved in running a well established one.

To help CapEx Programme owners and executives successfully execute their plans Celerant Consulting has developed a highly effective methodology, based on years of experience across many different types of industries and services. Having successfully delivered over 1,200 major Change Management Programmes throughout the world, many involving Capital Management and Project Delivery, Celerant has identified

3 recurring issues which have to be forcefully addressed - or they're guaranteed to undermine a programme's ability to deliver.

1 Soft targets create dangerous spaces

Major CapEx Programmes require multiple stakeholders and multiple agreements and that can mean softer agreed targets and an inbuilt fudge factor. A lack of aggressive targeting in first base planning and a culture of caution will, more often than not, lead to increased costs and a muted acceptance of delays. Every CapEx programme has time/cost contingencies, but unless you can generate real targeted momentum those contingencies can easily become the accepted date/cost. Just as problematically, they can also create dangerous spaces for 'changes of mind' or 'desirable additions' to the original programme.

Celerant's solution is to provide clients with a detailed Capital Programme Portfolio Review where every target is challenged and every activity prioritised, based on a clear top down and bottom up understanding. Are we being demanding enough? Is there a more creative or cost effective solution? Are the right people still the right people? Hard questions uncover hard truths. For better or worse.

2 Facts don't cease to exist because they are ignored

Once a Programme is underway, the second

issue that can affect successful delivery is organisational complexity and unclear roles and responsibilities, resulting in delayed or confused decision making. This lack of cohesion brings a greater risk not just of mistakes, but of mistakes that can often go unchecked until they have set back the whole Programme.

Celerant's recommendation is to simplify and flatten a Programme's organisational structure and then define clear and unambiguous roles, reporting structures and accountabilities. The key is putting the right information in the right hands at the right time. Managers need to focus on the right KPIs and build an accurate, data-based picture of reality.

Providing this information is not just the role of an IT system, but an integrated information flow from executive level to the cutting edge - and back again.

To achieve this, leaders must examine specific roles and ensure that the right people are performing the right tasks. Loosely defined roles, undefined expectations, and ineffective practices create a frustrating work experience with a great deal of lost time. Implementing a simple architecture with clear accountabilities is the first step in breaking this cycle and each role must be aligned with measurable expectations and supported with the tools necessary to achieve them.



3 You can't control what you can't see

The third major issue is poor visibility of progress across the Programme or Programme Portfolio, which can lead to ambiguous estimates and a real underestimation of risk. Accurate information is a key part of motivation, so Celerant's solution is to implement Integrated Programme Planning and a propriety MCRS[®] that tracks both Lead and Lag performance indicators. Tough measurements are designed and installed all the way through the Programme and constantly checked to ensure there is absolutely no ambiguity.

Programme Managers must have a full line of sight on what they have available to them financially, operationally and from a people perspective. Creating this holistic perspective and process will allow them to make the right decisions, improve communication and reduce the negative effects of errors from one department or sub-contractor to the next. In addition, a team that understands its contributions and feels connected to the entire programme is more motivated to deliver results.

Nothing succeeds like success

Celerant Consulting has used this successful methodology to help leading companies from every industrial and commercial sector implement major programmes.

Take for example, the operator of the largest

North Sea on and off-shore oil and gas operation. It wanted to position itself as a top quartile performer in efficiency and safety, so Celerant worked closely with the management of the business to define the scale and complexity of the 11 projects it had underway, including capital upgrades, M&RO and organisational change.

After a thorough analysis, Celerant defined real requirements and set demanding stretch targets for the whole Programme and the individual Project Management teams. It also designed and implemented a programme governance process, supported by Integrated Programme Planning and a comprehensive MCRS[®] that ensured these targets were over-delivered.

The result?

A \$200m increase in revenues, a \$400m reduction in OPEX, \$40m in capital requirement and the accolade of 'Best North Sea Operator.'

For a presentation on how Celerant Consulting can ensure the success of your strategic change programme, email: tim.durston@celerantconsulting.com or call +44 (0)20 8338 5000

'We have to understand that the world can be grasped by action, not by contemplation.'

Jacob Bronowski

For over 20 years, Celerant Consulting has delivered successful, sustainable change for world leading companies. Our expertise covers the entire spectrum of the Operations Management ecosystem, with a core focus on Performance Improvement and Behavioural Change Management. Every project is a long-term partnership where we get down on the ground to identify and analyse a Client's most significant business challenges, then work with them to drive up results. We provide operational strategy and implement strategic operational solutions that capitalise on existing systems, processes and people - and deliver substantial benefits. We change business for good and over 90% of our Clients say they would be pleased to work with us again.

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