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## Setting the strategy for successful projects

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*Note: This is part of a series of articles on consideration of lessons learned in managing offshore construction and installation projects. This article focuses on setting the strategy.*

Strategy is the result of the major decisions we make early in the project. It drives all our subsequent plans, decisions, and actions. The optimum project strategy is seldom obvious. Yet we are often quick to decide what we think is the best strategy to plan and execute the work. Often, we base these decisions on experience with past projects, which may not have had the size, complexity, or risks of the project at hand. We begrudge the time required to get everyone together to develop the strategy and document it in a project execution plan. When there is no clear strategy and direction, and no project execution plan, the inefficiencies and misalignments that result can jeopardize project success.

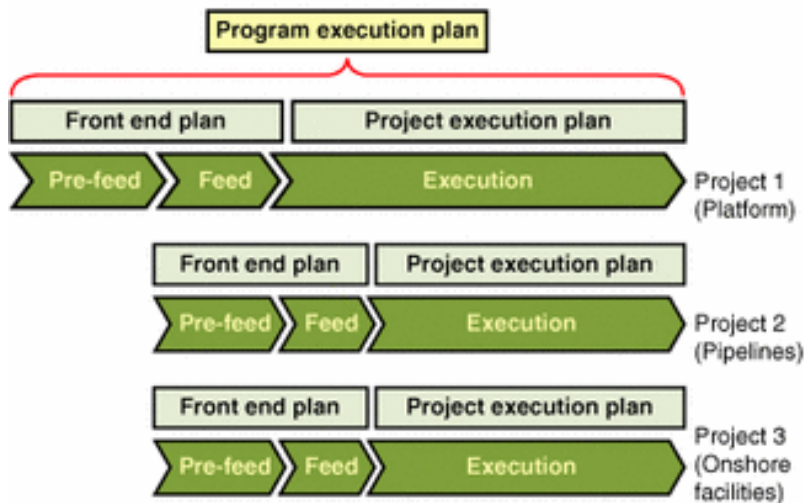
We must take the time and make the effort to set the strategy and develop the project execution plan. The key to project success is to "Plan with audacity and execute with vigor" (Christian Nevell Bovee). But just how should that be done?

## Three types of plans

A major offshore development project typically involves a capital investment of \$500 million to several billion dollars. For such a project, capital stewardship requires that we develop strategies in three ways:

- Program execution plan
- Project front-end plan
- Project execution plan.

The strategic planning process usually begins in a workshop setting with key participants from the owner and contractor organizations as well as other stakeholders. The workshop setting is used to develop strategies in each of the focus areas, as well as to define issues and prepare a path-forward plan to resolve them.



[The structure of program, front end, and project execution plans for a large offshore project](#)

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Program execution plan

A "program" can be defined in two ways:

- A project that is so large it must be managed as a group of related

projects

- A group of separate projects that benefit from being managed together.

For example, a field development program might include drilling, offshore production facilities, pipeline to shore, and onshore facilities. Or, an operating facility may have a program of projects to sustain production.

The program execution plan defines strategies that are to be applied across all projects, primarily to achieve economy of scale.

The program execution plan will show how the program team will avoid the inefficiencies of a very large project – "diseconomy of scale" – and achieve economy of scale through standardization, integration, and optimization across the projects.

Achieving program synergies – economies of scale – depends on getting some key program planning factors right, particularly the organization plans for program and project levels, the procurement and contract plans, and the integrated program master schedule. The program execution plan provides the strategy for achieving economy of scale across all the projects within the program. It includes:

- Meeting overall business goals
- Setting individual project objectives and drivers
- Defining the program.

In addition, defining the program calls for:

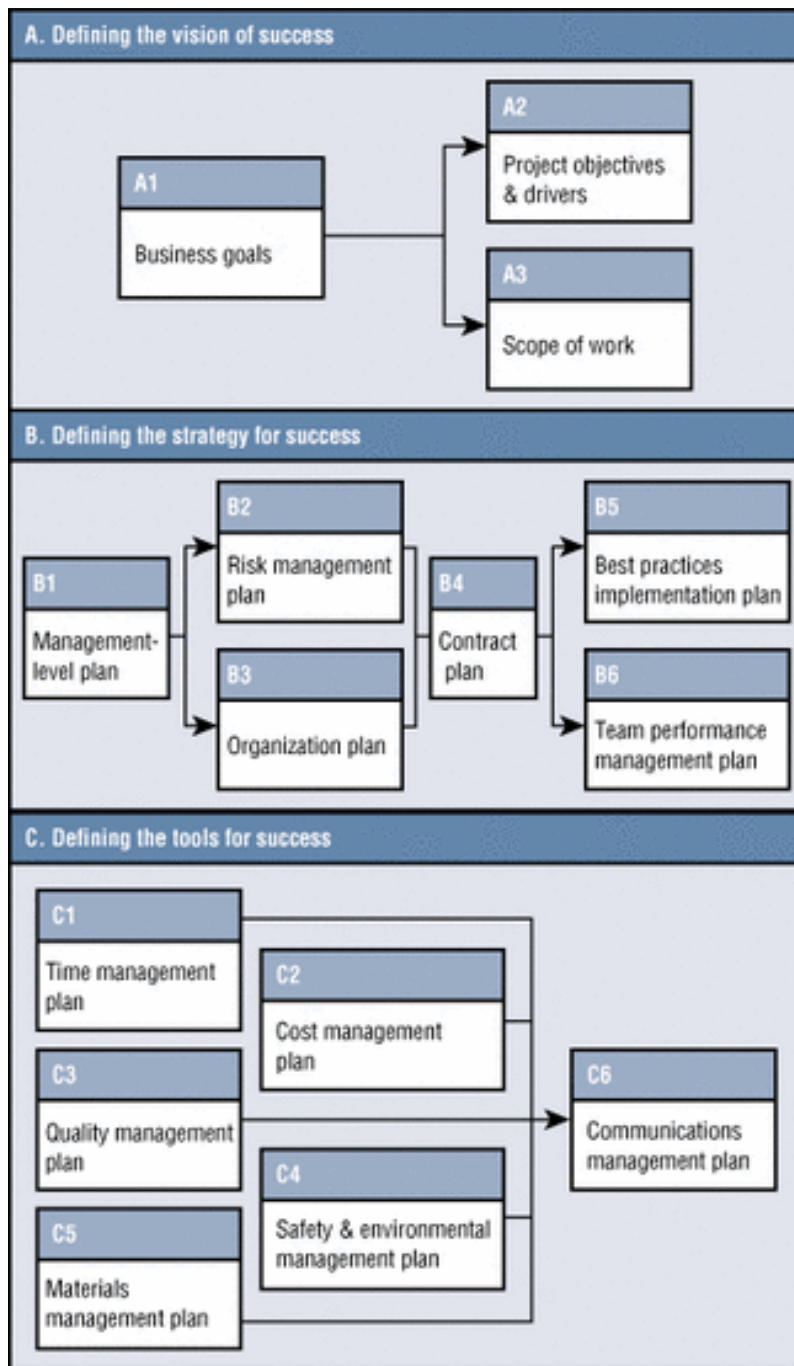
- Achieving economy of scale
- Managing the integrated program master schedule
- Managing program-wide risks
- Forming the program and project management organizations
- Aligning and managing partners
- Procurement and contracts
- Optimizing team performance and managing interfaces and issues
- Implementing value improving practices
- Managing cost and schedule
- Assuring quality
- Meeting all health, safety, environmental (HSE) objectives
- Managing information and communication.

## Front-end plan

The front-end plan describes how the project team will scope, define, plan, and optimize the project prior to sanction. Everyone today recognizes the importance of front-end loading, i.e., doing a thorough job of:

- Evaluating strategic design and field development options
- Defining the scope and design for the preferred development option
- Developing a comprehensive project execution plan
- Implementing project management best practices including project organizing and team alignment, project risk management, value-improving practices, and less-ons learned.

There is no shortage of data to demonstrate the substantial reductions in project cost and durations (some studies suggest over 25%) combined with improved quality, safety, and environmental performance. Many organizations routinely use an independent appraisal service to determine how well front-end loading has been done; often they will not sanction a project whose front-end loading score is less than "best practical."



*[A process for strategic planning of a program or project.](#)*  
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Nevertheless, project teams often feel intense pressure to minimize the time and cost to get a project to sanction. Many front-end loading activities seem like a diversion from the "real work" of progressing the engineering, drilling,

and so on. This can mean that the timing of project execution planning, team alignment, and value improving practices can be too late or even, unfortunately, that these critically important tasks do not get done at all.

The front-end plan, developed early, ensures that the right things happen at the right time, and in the right way. Front-end focus areas include:

- Meeting requirement of the program execution plan
- Meeting the project's HSE objectives
- Managing the scope of work for each front-end stage
- Optimizing and contracting for front-end work
- Implementing value improving practices
- Identifying and mitigating project risks
- Aligning the project team for front-end work
- Managing owner/contractor issue and interfaces
- Managing the cost, schedule, and resources for front-end work
- Meeting the program schedule milestones.

## **Project execution plan**

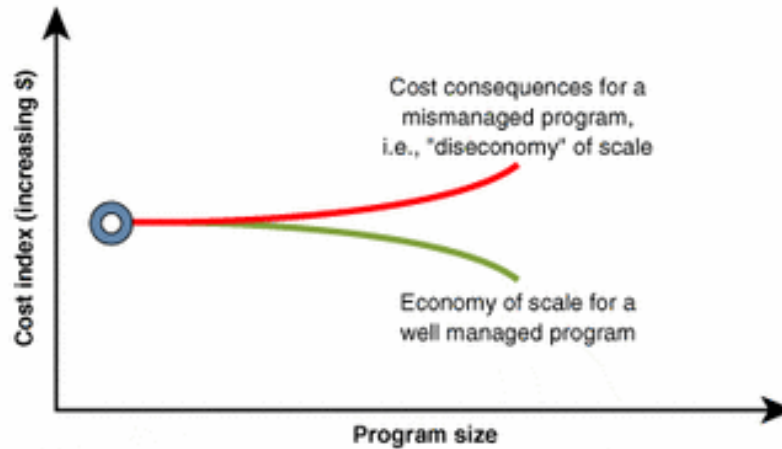
The project execution plan describes how the project team will design, construct, install, commission, and start up the facilities. The focus of the project execution plan is on the execution stage, after sanction, when most of the work is done and money spent. The project execution plan includes creating the project-level plan for:

- Meeting the project objectives
- Achieving HSE objectives
- Managing change
- Organizing and contracting for execution
- Managing execution risks
- Aligning the project team for execution
- Managing owner/contractor issue and interfaces
- Quality management plan
- Cost, schedule, and resource management plan for execution.

## **Summary**

Strategic program and project level should never be thought of as a distraction

from the "real work" of a project. Quite the contrary, it is probably the most important work we do in the early stages of a project.



*As projects become larger, the risks of inefficiencies resulting in "diseconomy of scale" balance the opportunity to achieve significant savings through economy of scale.*

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One of the greatest benefits of strategic project planning is the teambuilding effect.

When everyone understands and is committed to a common set of objectives and has participated in the plan to achieve them, the result is a high level of team alignment and effectiveness.

Ben Franklin said it best: By failing to prepare, you are preparing to fail. By having a clear idea of the type of planning we must do, and how to do it, we can maximize the effectiveness of our planning effort.

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