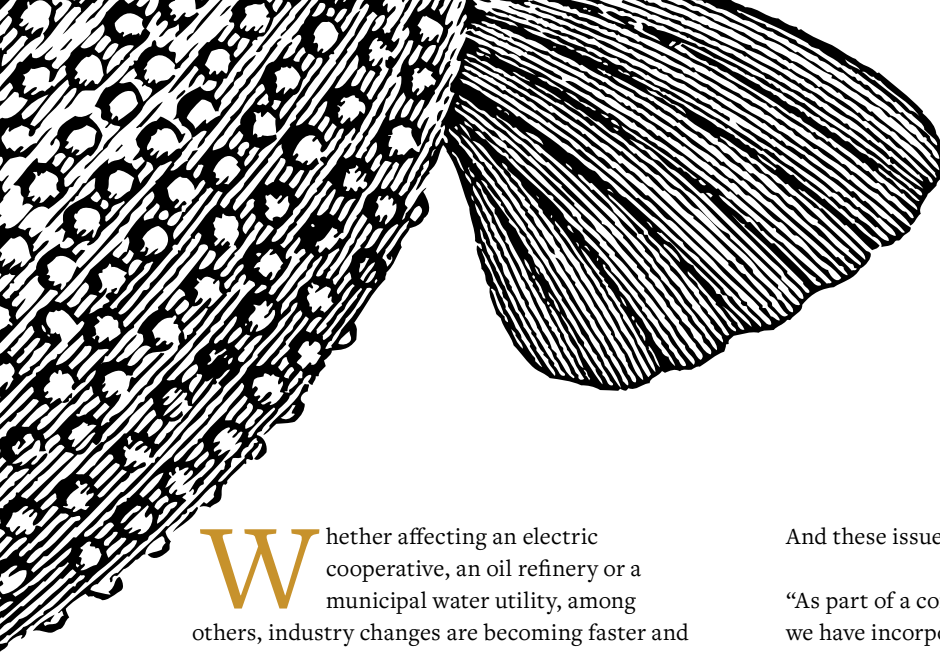




FISHING FOR SOLUTIONS

Capital Delivery Designed to Fit

Identifying how to make smart capital investments is one of the most important — and never-ending — decisions any organization will make. Several solutions have risen to the surface to help ease the burden, but which is the right fit?



Whether affecting an electric cooperative, an oil refinery or a municipal water utility, among others, industry changes are becoming faster and more dynamic. Organizations are left to wonder if the next innovation will improve process efficiencies or threaten profitability. This can make the decision-making process borderline paralyzing.

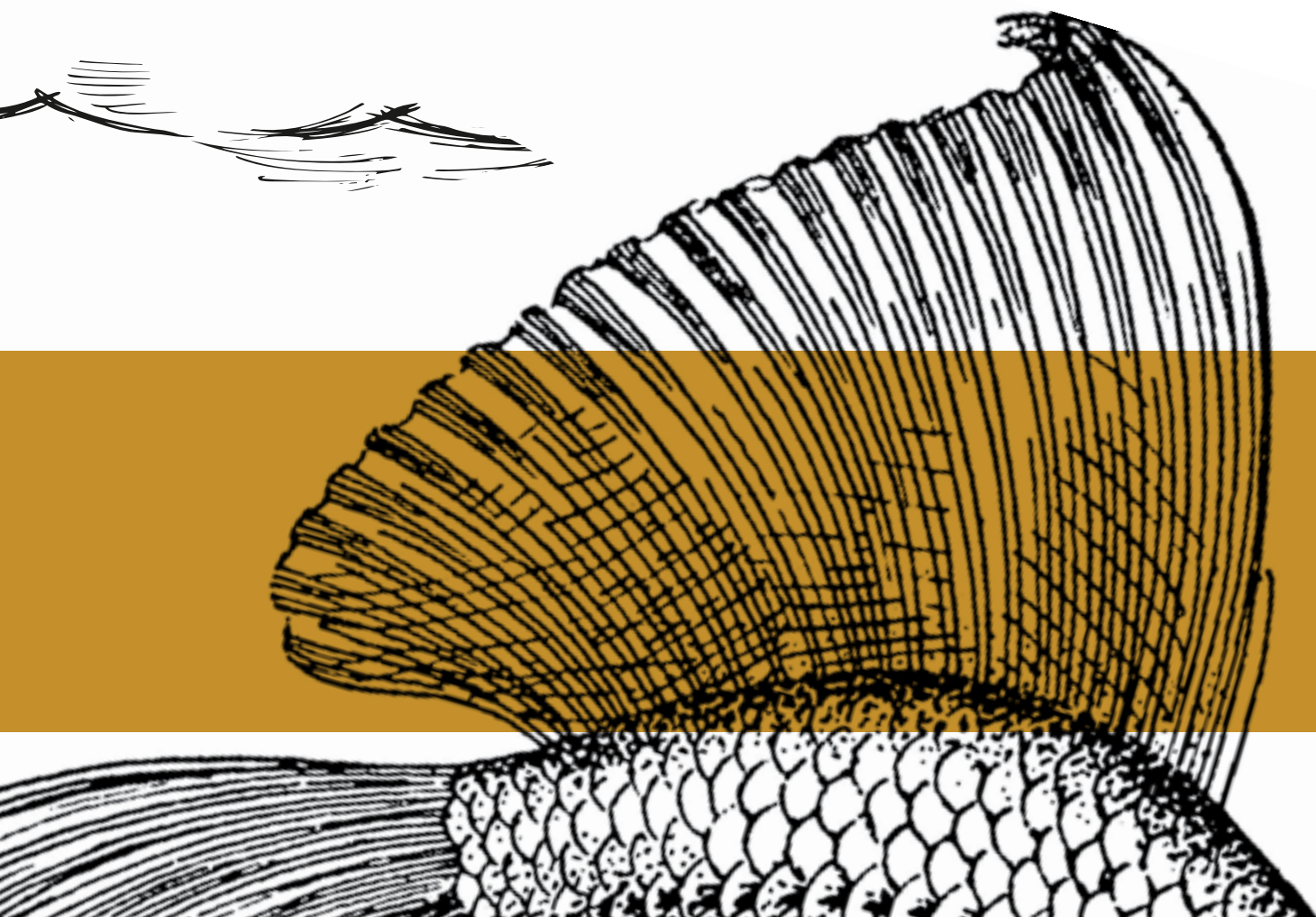
What Changed?

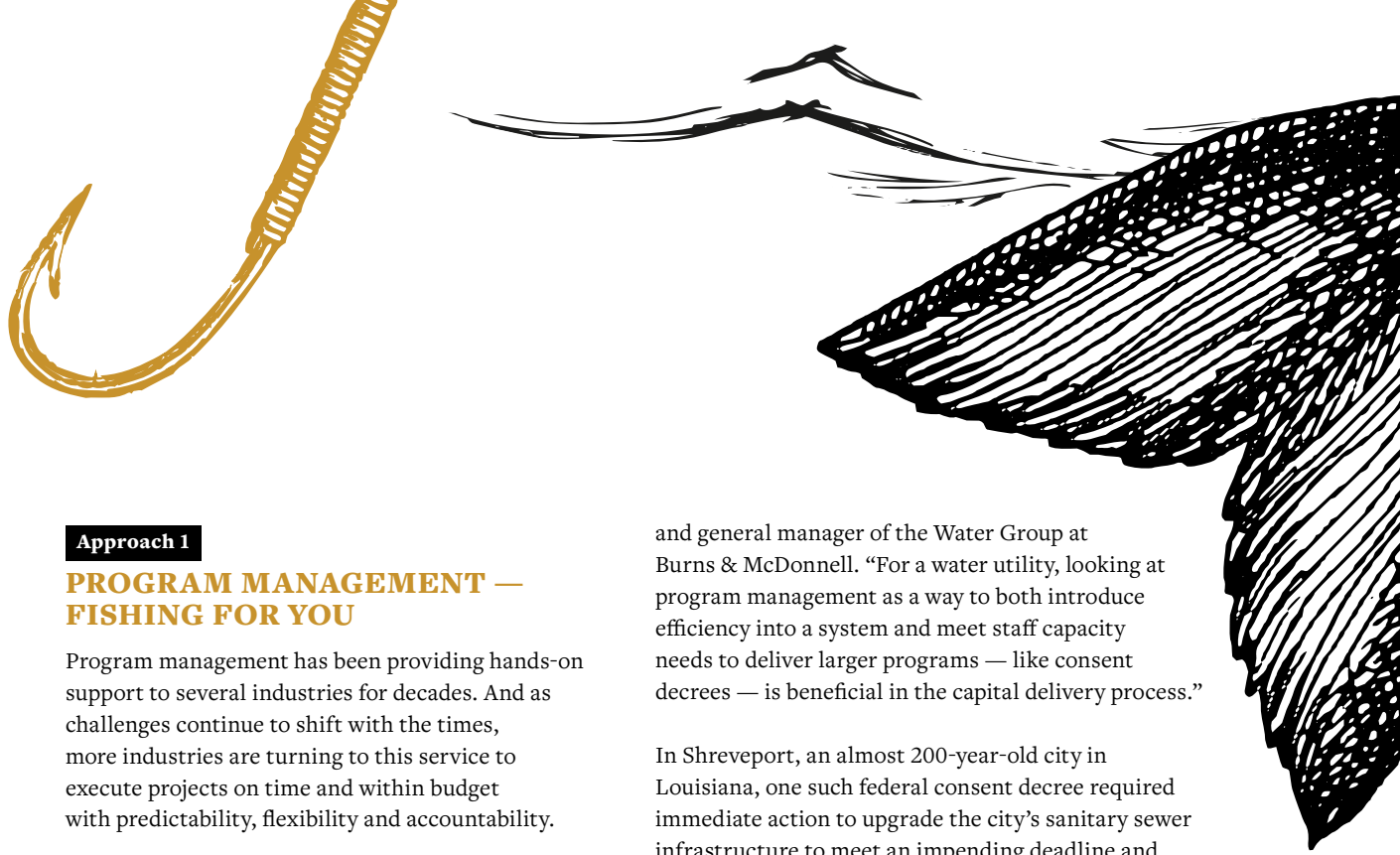
Change is constant, right? History has witnessed countless industrial and technological revolutions. However, as organizations continue to ride the wave of industry evolutions, common challenges have emerged. Aging infrastructure requires extensive upgrades. A younger, less experienced workforce is filling knowledge gaps as others retire. Information is increasingly trapped within silos as organizations grow to accommodate demands.

And these issues span all industries.

“As part of a company that has grown rapidly, we have incorporated many different collaboration tools internally that we wouldn’t have dreamed of needing when we were smaller, with project teams usually located in one place decades ago,” says Clarice Kinsella, a project manager specializing in the energy market at Burns & McDonnell. “Similarly, many organizations have grown to have staff at different sites and different assets that they have to manage.”

But as technology advances, the culture of sharing information is on the rise, with three capital delivery approaches — program management, project or program management offices (PMOs), and portfolio management — promoting collaboration to get the right information to the right people at the right time. Yet each option requires a unique fit to meet organizational needs.





Approach 1

PROGRAM MANAGEMENT — FISHING FOR YOU

Program management has been providing hands-on support to several industries for decades. And as challenges continue to shift with the times, more industries are turning to this service to execute projects on time and within budget with predictability, flexibility and accountability.

“With program management, we like to say we are doing the fishing for you,” Kinsella says. “We have boots on the ground through cost analysts, planners, engineers, construction professionals and so on to implement tools we provide to execute a set of related projects. We’re typically managing the schedule, cost and information using our approaches, integrated software and experience.”

With the emergence of arduous federal consent decrees handed down to water utilities detailing the parameters and timelines for sewer infrastructure updates, program management is becoming increasingly valuable within the water industry.

“Clients are looking for a path to success when facing a capital program that’s much larger than anything they or their staff and systems have had to deliver before,” says Ron Coker, senior vice president

and general manager of the Water Group at Burns & McDonnell. “For a water utility, looking at program management as a way to both introduce efficiency into a system and meet staff capacity needs to deliver larger programs — like consent decrees — is beneficial in the capital delivery process.”

In Shreveport, an almost 200-year-old city in Louisiana, one such federal consent decree required immediate action to upgrade the city’s sanitary sewer infrastructure to meet an impending deadline and compliance schedule for a growing list of improvement projects. Facing an active, ongoing program, the city turned to Burns & McDonnell for help. The team is now working to implement a lean, flexible project approach to optimize procurement methods and keep the program moving.

Focused on reducing process emergencies and ongoing stress, the project team started with open communication.

“Successful program management is built on how you structure the program, how you empower people to have decision-making authority in the best interest of the city, and how willing you are to collaborate,” Coker says. “Partnering with local contractors and consultants will not only deliver the best solution but also help put the city in a position where it’s building capacity and being successful in a program.” »



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Approach 2

PROJECT OR PROGRAM MANAGEMENT OFFICES (PMOs) — TEACHING YOU TO FISH

If an organization is routinely managing billion-dollar capital budget expenditures year over year, program management might not be the right approach.

“When organizations see a billion-dollar spend, and it’s not just a spike, it might no longer make sense to outsource program management,” says Bob Wolfe, program management director at Burns & McDonnell. “Instead, they can learn to set up a project or program management office (PMO) that allows them to run their own program with the right tools and skill set across the organization.”

This is, essentially, teaching the organization to fish. In this approach, consultants review processes and software already in place, identify gaps and implement a department-, division- or enterprisewide framework so the organization can perform its own capital projects.

“On the PMO side, organizations are taking their own project delivery capabilities to a higher level,”

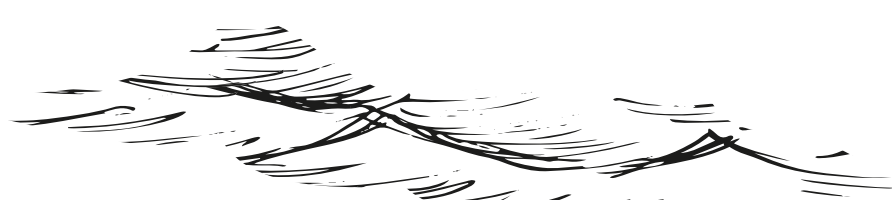
Kinsella says. “It involves introducing structure and framework in the form of procedures, guidelines or technology tools for the organization to plan, execute and sustain.”

For Cooperative Energy, a generation and transmission cooperative in Mississippi, an enterprisewide PMO was the right solution to break down the silos of information that had emerged over a decade of growth. Partnering with Burns & McDonnell, the utility developed a consistent process and launched a new single-software portal for all capital projects — allowing Cooperative Energy to continue providing affordable energy to its members and stay competitive in the utility landscape.

Approach 3

PORTFOLIO MANAGEMENT — DEFINING WHEN AND WHERE TO FISH

Moving away from project execution, portfolio management assists organizations in determining how to invest their capital.





“On a portfolio level, the objective isn’t to focus on how the program or projects are being managed,” Kinsella says. “Instead, businesses are more concerned with how it fits within the overall corporate strategy.”

For example, if a utility is planning to increase its renewables portfolio, it may want to evaluate its current assets before investing millions of dollars. However, if the utility can’t see what its entire portfolio looks like, it risks diverting funds in the wrong areas for its long-term goals.

“Portfolio management is investing money in the right bucket of projects that will bring the most impact for an organization in the long run,” she says. “Picking the right projects helps steer a company to where it needs to be.”

As with all three approaches, portfolio management relies heavily on software, a technology sector with plenty of options. However, software alone isn’t the only answer. It won’t work without a thoughtful governance process and a collaborative approach to implementation. »



A Three-Pronged Execution Method

No matter the capital delivery solution chosen or the industry it's implemented in, the most valuable way to execute is to focus on people, process and technology.

“To maintain a collaborative approach, rather than one of confrontation, we begin by evaluating the needs of individuals associated with the program and work toward streamlining or optimizing daily workflows,” Coker says. “Then we ask the contractors and consultants how the program could be better, and develop training modules to assist all staff members. After that, the data system is built out to support it.”

While this approach allows program decisions to be made quickly and efficiently, it also requires industry-based knowledge. Though the general implementation of any capital delivery solution is similar, nuances vary from industry to industry depending on what is most important for the projects, such as stakeholder involvement or any regulatory and permitting requirements.

A successful implementation, therefore, relies on attention to details, understanding and addressing these nuances, and striving for value beyond simply executing projects. ●



To Hook a Solution, Keep Your Options Open

It can be tempting to view new software as a one-size-fits-all solution. However, without the appropriate understanding of systems already in place and processes to accommodate, a new software purchase could become an expensive investment that just doesn't fit.

“We don't have a packaged software system that clients have to use,” says Ron Coker, senior vice president and general manager of the Water Group at Burns & McDonnell. “Instead, we bring a data management philosophy that makes the most of what our clients have already invested in.”

This technology-agnostic philosophy focuses on interconnectivity and identifying if software already in place can be positioned to make the right data available to make an organization's decision-making a little easier.

