



RHarper Consulting Update

Thinking About a New Capital Project? Consider This



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Many not-for-profits are currently taking steps to implement major new capital projects. Over the past decade, we have seen the industry learn a number of important lessons as additions, renovations and market repositionings are undertaken, and one of the most important is that specialized outside assistance is often necessary to successfully plan and execute these major projects. Most major financings now essentially require the engagement of outside development consulting and assistance.

Development advisory services can take many forms. There are a number of full service firms providing essentially a turnkey scope of services; however, more sponsors are opting for assembling a team, headed by a development project manager, that is tailored to complement the existing expertise on the sponsors' staff with specialists in strategic planning, marketing, financial modeling, construction management, commissioning and operations. These teams bring specialized expertise not available from the existing management staff, and provide broad experience and knowledge to the team.

Factors to keep in mind as you consider using these services include:

- ◆ The time involved in planning and managing a major capital project is frequently underestimated. While the project may be assigned to a senior manager, that person already has a full time job and major operational responsibilities. Adding a major capital project to their workload guarantees failure on several fronts. If you are realistic in assessing the time required for a major capital project, outsourcing the short term needs of managing a capital project makes sense.
- ◆ A development consultant can assist in establishing realistic project baseline budgets, schedules and outcomes. They can also help in developing the accounting tools and systems to accurately assess and report progress and results. This important step is often overlooked until too late in the process to be accurate or effective, as data is lost or improperly accounted for.
- ◆ Without an outside, objective third party, critical decisions are often driven by influential stakeholders rather than by the best decision for the project. Others on the team may be without sufficient standing to redirect the decision process. The outside "expert" is often the influence needed to keep the project on the right track.
- ◆ Development consultants are often exposed to different projects in differing locales. This, along with their sole focus on successful project planning, can bring a perspective and integration of best practices to the planning and implementation of a major capital project which is not available from the inside management and staff.

As your organization considers embarking on a major capital project, consider the time and expertise required to successfully plan and execute such a project. Consider the resources that you may be putting at risk, and honestly evaluate the ability of your management team to take on the challenge. Further, consider the consequences and impact of inadequately resourcing the project. For those reasons – project focus, specialized expertise, additional perspective, and efficient time management - bringing in experienced project planning and management is the best alternative for the vast majority of organizations.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.

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