

EVALUESERVE



Strategic Project Evaluation for Capital Ventures

Maximizing Value

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Role of Project Evaluations in Capital Projects

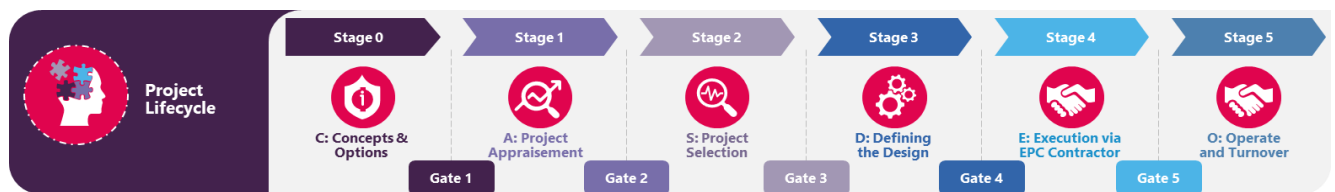
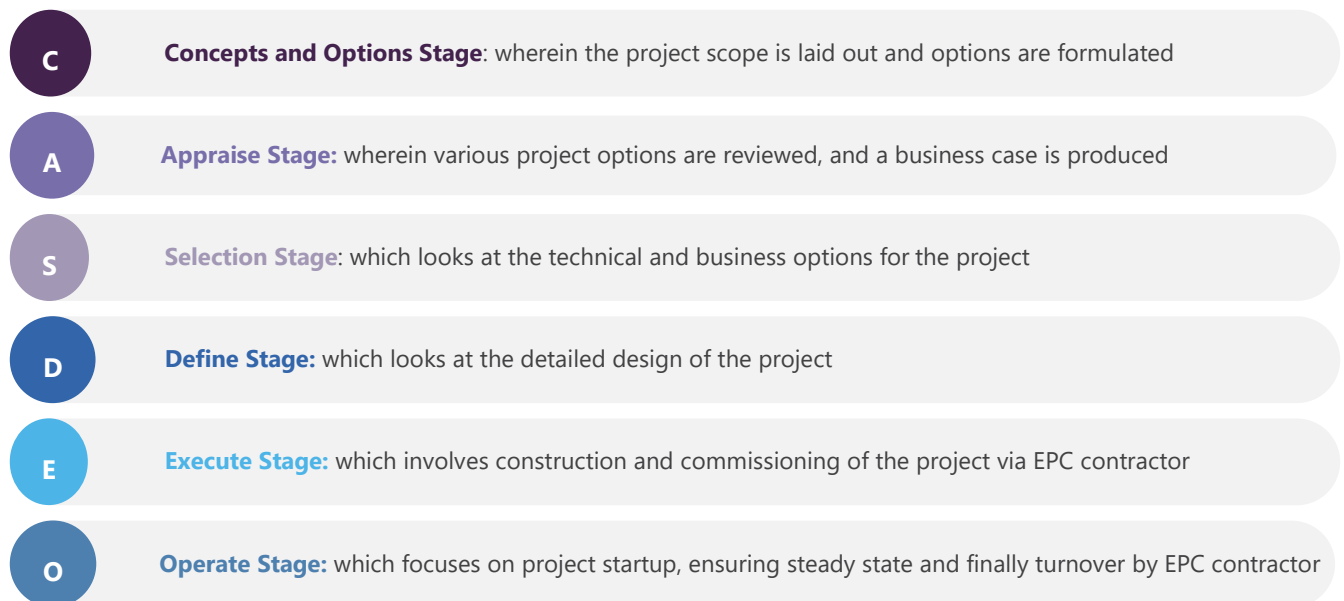
Project Evaluation is a program that corporations use to review and assess the development and risks of capital projects. Independent Peer Reviews (IPRs) are part of this program and they are done by an external independent body to check if the project can meet its budget and timeline goals. IPRs check the veracity and credibility of the underlying assumptions in the project with respect to schedule and cost estimates, technology and management, safety and security, risks and alignment with business vision and mission. IPRs aid in risk management with the identification of potential risks and issues that could hamper the project economics and consequently recommend solutions to overcome these risks for efficient project execution. Additionally, these also act as a medium to share industry best practices and lessons learned by reviewers from different projects.



Timing of Project Evaluations: When to Conduct

One of the main challenges for capital projects is to define their scope accurately and ensure their economic viability. To address this, capital projects follow a stage gate process, where each stage of development is validated by a gate. The project must pass through each gate before it can be executed by the EPC contractors. This process helps to improve the scope definition and the cost estimation of the project. The IPRs are based on the Stage Gate Governance Framework that the clients prescribe.

Project Evaluations follow a CASDEO Framework:



The stage gate process for capital projects has two phases: early and advanced. The early phase involves framing the opportunity, defining the project boundaries, preparing a business case for funding, and establishing the technical design basis. The advanced phase involves getting formal authorization, specifying the technical scope and detailed design, validating the economics, and procuring the resources for construction and commissioning. A well-defined and executed stage gate process ensures time and cost efficiency for a capital project.

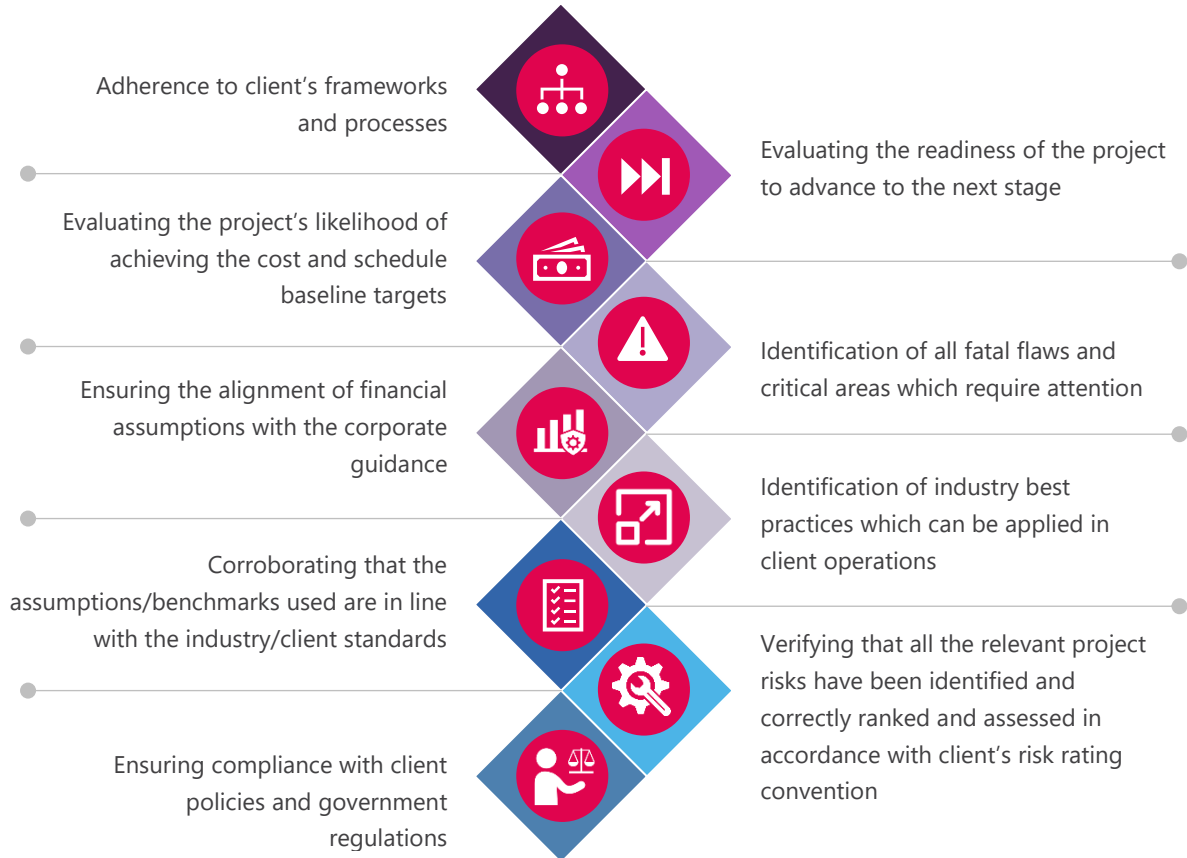


Project Evaluations are conducted throughout the project lifecycle, however, the duration, scope, and complexity of these vary depending upon the project stage. At every stage, the management reviews the critical risks and recommendations submitted by the team for that particular stage of the project. Post this, a go / no-go decision for project transition to the subsequent stage is given by the management after discussions with the project evaluation team and the project team.

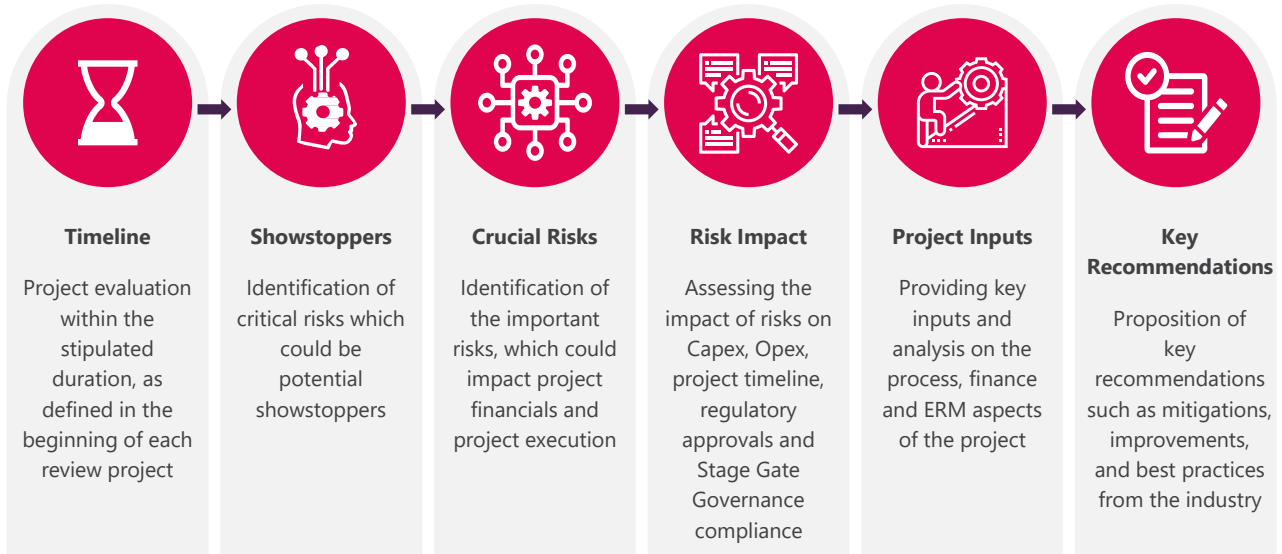
Objectives and KPIs of Project Evaluations

The important objectives and KPIs identified for the successful review and evaluation of projects are as follows:

Objectives:



KPIs:



Important Outcomes of Project Evaluations

The results of Project Evaluation in the form of a report, are presented to the client's project team for review and action. This report containing findings and recommendations is also submitted to the client's management. Upon extensive discussions with the project team, the management takes a decision on whether to advance the project to the next stage or hold the project for transitioning until critical issues are resolved by the project team.

The major deliverables presented to the client's management upon completion of Project Evaluation may comprise the following:



Evalueserve Approach to Project Evaluations

Clients have been relying on Evalueserve's expertise to facilitate and manage Project Evaluation process for capital projects, for all the stages of project lifecycle. Evalueserve has experience in handling all aspects of project evaluation such as onboarding of industry veterans for the role of subject matter experts, co-ordination and communication with various project stakeholders, conducting project evaluation workshops, preparing project evaluation reports and presentations to be presented to the gatekeeper and client's management.



Conclusion



Project Evaluations are an effective mechanism to increase the probability of **project success**. Since the organizations make huge investments in capital projects, project evaluations provide an **efficient yardstick to assess and determine the “right” project and the “right way of executing” a project for corporations**. These also serve as a medium to emphasize the project’s strengths and highlight the potential risk areas with simultaneous identification of actions or suggestions to rectify these.

These well-planned and executed project evaluations consequently result in **potentially profitable projects** for the business organizations and help them in achieving their **strategic objectives**.

Voice of the Industry

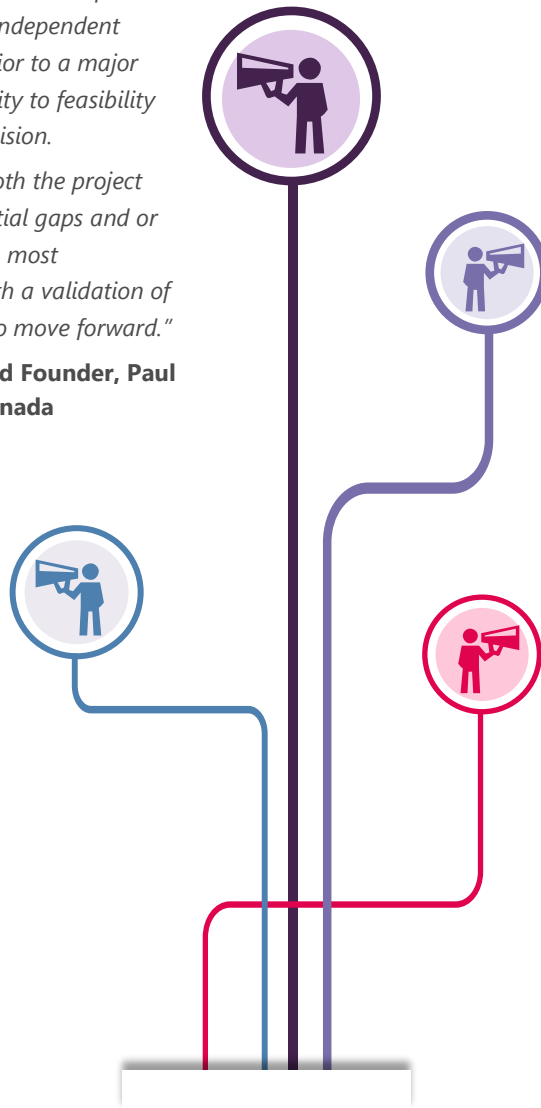
"The role of a peer review in relation to project management / project evaluation is to provide senior management with an independent review of a project, usually prior to a major gate decision. i.e., Pre-feasibility to feasibility study or Final Investment Decision.

Project Evaluation provides both the project team with insights into potential gaps and or suggested improvements and, most importantly Management, with a validation of project status and readiness to move forward."

Paul Henning, President and Founder, Paul Henning Consulting Inc, Canada

"The Project Evaluation process is necessary to assess the soundness of a project in terms of technical, business and strategy aspects. This also helps in understanding project compliance with the industry standards, best practices and best available technology. The process allows investigation of project environmental responsibility and its overall sustainability."

Amri Abdelhamid, CEO, Minecs, Tunisia



"Project Evaluation is a value added exercise in which independent subject matter experts well versed with project life cycle, provide valuable feedback on various aspects of a project and are deeply engaged in review and analysis of project documents prepared by an EPCM contractor. These critical inputs enable the project to achieve long term objectives and goals."

Sandeep Dhankar, GM Projects, LIZMONTAGENS INDIA

"With cost escalation everywhere and investors not always having the necessary in-house expertise, along with the necessity to consider a very wide list of subjects and risks surrounding such major investments, how can stakeholders ensure the protection of their capital investments?"

One of the safest and most powerful approaches is to conduct a Project Evaluation, wherein, the best brains pertaining to various domains of a large capital project are put to work as a team, with a keen focus on testing the project robustness and identifying potential weaknesses and solutions.

Towards the end, stakeholders and the project management team have to deal with the findings to benefit completely from this exercise and have a good return on investment."

Ivan Bauret, Independent Consultant, Aluminium Smelting, Canada

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About Evalueserve

Evalueserve is a leading analytics partner to Fortune500 companies. Powered by mind+machine™, Evalueserve combines insights emerging from data and research with the efficiency of digital tools and platforms to design impactful solutions. A global team of 4,500+ experts collaborates with clients across 15+ industries

Connect with Us

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If you are interested in speaking with Evalueserve about how your organization can adapt for tomorrow, please contact us at info@evalueserve.com or for more information, visit www.evalueserve.com.

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