



CONSTRUCTION INDUSTRY INSTITUTE®

THE OWNER'S ROLE
IN PROJECT SUCCESS

Construction Industry Institute

3M	ABB Lummus Global
Abbott	ALSTOM Power
Air Products and Chemicals	AMEC
Alcoa	AZCO
Amgen Inc.	Aker Kværner
Anheuser-Busch Companies	BE&K
Aramco Services Company	Baker Concrete Construction
BP America	Bechtel Group
Biogen Idec	Black & Veatch
CITGO Petroleum Corporation	Burns & McDonnell
Cargill	CB&I
Chevron	CCC Group
Codelco-Chile	CDI Engineering Solutions
ConocoPhillips	CH2M HILL
Dofasco	CSA Group
The Dow Chemical Company	Day & Zimmermann International
DuPont	Dick Corporation
Eastman Chemical Company	Dresser-Rand Company
ExxonMobil Corporation	Emerson Process Management
Genentech	Fluor Corporation
General Motors Corporation	Fru-Con Construction Corporation
GlaxoSmithKline	Grinaker-LTA
Intel Corporation	Harper Industries
International Paper	Hatch
Kraft Foods	Hilti Corporation
Eli Lilly and Company	Hyundai Engineering & Construction
Marathon Oil Corporation	JMJ Associates
Merck	Jacobs
NASA	Kellogg Brown & Root
NOVA Chemicals Corporation	Kiewit Construction Group
Naval Facilities Engineering Command	J. Ray McDermott
Ontario Power Generation	M. A. Mortenson Company
Petroleo Brasileiro S/A - Petrobras	Mustang Engineering, L.P.
Praxair	R. J. Mycka
The Procter & Gamble Company	The Nielsen-Wurster Group
Rohm and Haas Company	Parsons
Sasol Technology	Perot Systems Corporation
Shell Oil Company	Primavera Systems
Smithsonian Institution	S&B Engineers and Constructors
Solutia	The Shaw Group
Southern Company	Technip
Sunoco	Victaulic Company
Tennessee Valley Authority	Walbridge Aldinger Company
U.S. Army Corps of Engineers	Washington Group International
U.S. Bureau of Reclamation	WorleyParsons Limited
U.S. Department of Commerce/NIST/ Building and Fire Research Laboratory	Yates Construction
U.S. Department of Energy	Zachry Construction Corporation
U.S. Department of Health & Human Services	Zurich
U.S. Department of State	
U.S. General Services Administration	
U.S. Architect of the Capitol	
U.S. Steel	
Weyerhaeuser Company	

The Owner's Role in Project Success

**Prepared by
The Construction Industry Institute
Owner's Role in Project Success Research Team**

**Research Summary 204-1
October 2006**

© 2006 Construction Industry Institute™.

The University of Texas at Austin.

CII members may reproduce and distribute this work internally in any medium at no cost to internal recipients. CII members are permitted to revise and adapt this work for their internal use provided an informational copy is furnished to CII.

Available to non-members by purchase; however, no copies may be made or distributed and no modifications made without prior written permission from CII. Contact CII at <http://construction-institute.org/catalog.htm> to purchase copies. Volume discounts may be available.

All CII members, current students, and faculty at a college or university are eligible to purchase CII products at member prices. Faculty and students at a college or university may reproduce and distribute this work without modification for educational use.

Printed in the United States of America.

Contents

<i>Chapter</i>	<i>Page</i>
Executive Summary	v
1. Introduction	1
2. Definition of Project Success	3
3. Owner Entities Involved in the Project Process	7
4. Determining the Owner's Role in Project Success	10
5. The Owner's Role in Project Success Implementation Tool	20
6. Conclusions and Recommendations	21
References	23

Executive Summary

The successful execution of capital projects depends on the effectiveness of project teams—team members with diverse backgrounds, conflicting goals, and who answer to different employers. The relationships among team members and between the owner and contractors evolve throughout the project’s life. Just as the process of design and construction calls for the input of different disciplines and trades at various points, many owners—different entities (for example executives, technical personnel, and end users)—within owner organizations participate at various times over the life cycle of a capital project. With all these players and variables, determining the “right” level of owner involvement is the key to success.

CII established the Owner’s Role in Project Success Research Team to identify management approaches used for different types of projects, delivery systems, and team structures to determine how the owner contributed to project success. This research summary describes the team’s effort.

The research team also developed the Project Priority Calculator (CII Implementation Resource 204-2) to assess the value being added by the owner based on recommended roles and responsibilities. Using this software tool will help to determine the key owner functions that will contribute to project success and define the level to which the owner organization can or should be involved in managing the project.

Introduction

Background

Owner organizations responsible for the engineering and construction of capital projects have changed considerably in recent years. Organizational downsizing and a change in the magnitude of typical capital projects has left owners without certain skill sets in their organizations and placed a burden on the remaining personnel. In essence, owners are procuring more engineering and construction (E&C) services rather than performing them with in-house personnel. Owners also expect outside suppliers to perform services that traditionally were provided from within the owner organization; however, contractors still expect owners to provide the same level of project support. Given the current situation, both the owner's expectations of the contractor and the contractor's expectations of the owner are not being adequately met.

This situation has led to questions during project planning and execution not being answered in a timely manner, with resulting delays to a project. Unresolved issues may affect not only the cost-effective progress of the project, but can negatively impact the working relationships among project participants. Owners often fail to establish a system for performing the proper owner's management of the construction function, which can lead to a void in owner leadership and a lack of mission focus for the project team.

Purpose

To broaden the understanding of management approaches in use today, CII established the Owner's Role in Project Success Research Team. The team was asked to determine what works best and to identify the leadership principles and concepts that have contributed to the success of past projects.

Specific Objectives

The specific objectives for the research team included the following:

- Identify the perspectives of each of the participants involved in the project.
- Determine which systems provided by the owner helped manage the contribution and effectiveness of the team members.
- Identify the shifts in roles and responsibilities among owners, engineers, and contractors.
- Determine if changes in roles and responsibilities are creating problems and how changing the owner's approach can mitigate these problems.
- Determine areas of responsibilities that have caused concern among the project team members.
- Determine the reasons for the occurrence of these problems and develop methodology to eliminate or mitigate these problems.

The research team developed the Project Priority Calculator, a tool to assess the value being added by the owner. That tool, the indices that are used, and the results of the overall research are described in the following chapters.

Definition of Project Success

All projects encounter challenges along the way to completion. The successful projects are those that overcome those challenges and meet expectations such as being delivered on-time, within budget, with high quality, and with zero accidents, where the designers and constructors earn adequate fees, and where all parties can truly celebrate the owner's takeover of the completed product.

The research team discussed a number of requisites for defining a successful project, as well as for defining factors that contribute to project success. The results of that endeavor led to the development of a data collection questionnaire or survey.

First, the participants to a project were identified as:

- Owner – owner or owner organization
- User – typically the end user
- Design team – architects, engineers, and other specialty designers
- Contractor – prime and possibly construction management professionals
- Subcontractors – subcontractors, suppliers, safety and quality teams

Table 1 (next page) shows how these the participants are involved in various project completion success factors.