

Gatekeeping for Capital Project Governance

A stage-gate process is a key element of capital investment decision-making, but weak gates undermine the objective. How effective is your process?

COURSE SUMMARY

The stage-gate process has the dual role of being a method for shaping business opportunity into a capital project that maximizes return-on-investment and a tool for corporate governance of capital investment. Yet the stage-gate processes of many companies do not function effectively, often due to the following:

- Lack of understanding of how the stage-gate process improves capital investment decision-making
- Investment analysis based on information that is biased or does not incorporate the true range of risk
- Weak gates that allow projects to proceed with marginal business justification or poor quality stage-gate deliverables

BENEFITS

- **Identify** the elements of a gatekeeping workflow process for strong gates
- **Understand** a common governance structure and its key functions to implement the gatekeeping workflow process
- **Recognize** the challenges to investment committees for high-quality decision making
- **Comprehend** the purpose and importance of the business case and its different stages of completion in the project definition phases
- **Identify** different types of assurance and explore its limitations
- **Understand** the characteristics of effective project boards
- **Identify** strengths, weaknesses, and opportunities for improvement in your organization's governance structure

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COURSE BACKGROUND

All course instruction, presentations, and supplementary course materials are rooted in IPA's decades of experience evaluating project and project systems, and conducting quantitative research into capital project issues and trends. IPA maintains a proprietary database with information on thousands of projects on which to base its analyses and studies.

COURSE TOPICS

Introduction to Front-End Loading (FEL) and Measuring Capital Effectiveness	IPA's methodologies to rate the level of FEL completed and to measure capital effectiveness. What is capital effectiveness and what are the key components? The process of FEL and its primary objective.
Gatekeeping Roles and Processes	The importance and function of a stage-gated project delivery system. Overview of the gatekeeping process for each stage gate. Key elements necessary to implement governance and gatekeeping. Strengths and weaknesses of different governance and gatekeeping configurations.
Investment Committee Decision Making	The challenges to investment committees for high-quality decision making. The effects of estimate bias and overconfidence on a project's expected return on investment calculation. Common sources of bias and overconfidence in cash flow estimates. Questions that the investment committee can ask to identify and mitigate the risks associated with estimate bias and overconfidence.
Business Case Development for FEL 1 and FEL 2	The different stages of business case completion. The project sponsor's role and interactions for project governance. Key objectives, deliverables, and stage-gate questions for FEL 1 and FEL 2. Why complete FEL 2 stage-gate deliverables are critical to good business decisions.
The Role and Limitations of Project Assurance	The goals and objectives for assurance reviews. Strengths and weaknesses of peer reviews. How assurance can be free from bias. The limitations of project assurance. Factors to consider in the design of a company's assurance program.
Effective Use of Project Boards	Characteristics of dysfunctional project boards. Different forms of project boards used by Industry, and their strengths and weaknesses. Practices to improve collaboration between project board members.
Construction Readiness	The start of construction as a new project phase. Key elements to assess the level of preparedness to mobilize construction. Strategies for adding project system discipline to construction readiness gate.

WHO SHOULD ATTEND?

This seminar is designed for participants who are or will be involved in the implementation, execution, and/or optimization of a gatekeeping process.



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Why the IPA Institute? The IPA Institute is the training and education division of Independent Project Analysis (IPA), the world's leading advisory firm on capital projects. Our courses equip industry leaders and capital project practitioners with Best Practices for projects, portfolio, and project system management/delivery. All course instruction, presentations, and supplementary course materials are rooted in IPA's unparalleled capital project knowledge.