



## White Paper 2023-05

### From Contractor to Owner Support Roles: how to deal with a very different role

*Contractors sometimes take the role of owner support, i.e. providing an owner organisation with competent resources and possibly processes and systems to oversee a major industrial project and other contractors. This type of service actually involves quite a different mindset and setup compared to a normal contractor posture. This White Paper, building on PVD experience supporting organisations in this transition, exposes what needs to be changed in that case.*

#### The role of owner support

Owners do not always have the competencies and capabilities in house to develop and supervise a major industrial project. This is often the case when the owner is mainly operating facilities and only infrequently gets involved in major capital renewal and development projects. Therefore, it does not intend to develop inhouse capability in this respect.

In such cases, owners often seek support from an experienced contractor for the specific role of owner support. Some organisations exclusively provide this type of service. However, often the service is provided by organisations that primarily execute projects as contractors. Such organisations provide the service based on their industry know-how.

This role of owner support varies and depends heavily on the resources and competencies available within the owner organisation, which it complements. It often includes, in part or in full:

- Advising the owner in terms of execution and contractual strategy, based on its knowledge of the industry and contractor market, and technical knowledge,
- Scoping and investigation during the initial definition phase as well as preparing the request for proposal documents for contracted services, equipment and material,
- Providing project control functions such as scheduling, cost control, project risk management,
- Providing contract management of execution contracts (potentially from the bidding stage through the award and post-award contract management), on behalf of the owner who is the contracting party,
- Controlling and safekeeping all project documentation and correspondence,
- Performing technical review of contractors' deliverables, and on-site technical supervision of contractor works, including receipt of equipment and infrastructure,
- Managing interfaces between contractors and other parties,

**A number of precautions must be taken when choosing such owner support teams, to avoid untoward conflicts of interest between the owner support role and other roles on the project and to ensure that they adopt an owner mindset rather than a contractor mindset.**

A warning note: while it is frequent to have owner support contractors, we believe that nonetheless as a matter of good practice the owner needs to keep or develop sufficient capabilities in-house to supervise its interests in the project, and in particular to supervise the owner support contractor itself: refer to White Paper [\[2020-06\] 'How Essential It Is That the Owner Team Has Sufficient Project Experience For Project Success.'](#)

#### The role of owner support must be independent from other execution contractors

We sometimes observe that the roles of owner support mentioned above contracted by the owner as a subset of the scope of a main execution or engineering contractor. We believe this:

- creates an unacceptable conflict of interest, as it removes the necessary positive tension between owner and contractor,
- creates a situation where the owner may be taken hostage by the owner support contractor which may withhold essential information,
- places the owner interests in jeopardy: the owner must defend the life-cycle value of the investment whereas the contractor is focused on short term execution performance.

This situation must absolutely be avoided. The owner support contractor must be independent from all other contractors involved in the project. This must be clear from the outset so that the owner support contractor knows that by providing this service, it will be excluded from bidding for other engineering or execution work on the project. This explains why certain companies do focus exclusively on owner support roles.

#### Why the owner support service mindset is different from usual contractor work

The team providing support to the owner needs to act as part of the owner team, and ideally be co-located. As part of the owner team, it needs to consider the project from the perspective of the project's benefits to the owner organisation over the full lifecycle of the facility. It also needs to account for complexity factors such as

permitting, financing, operator setup and operational readiness, adaptation of the owner organisation to the project, etc. It further needs to be fully integrated with the owner governance and decision-making process, so as not to create delays in the project. Therefore, a lot of the work will be time-driven to support owner decision-making. As a result, the commercial approach for an owner support contract is often simply time & material.

This perspective is quite different from a project engineering or execution contractor perspective that is generally focused on the profitable execution of its contract scope, which is a well-defined subset of the overall project. This often leads to variation requests and claims as whenever there is an opportunity to claim for more money or time, irrespective of the general interest of the owner.

One of the worst situations is when the owner support contractors starts playing a contractual game by claiming against the owner for extra work or other aspects, or just focuses on burning man-hours, and in the process creates delays in the project.

Therefore, while the basic competencies and experience may be similar (scheduling, project risk management, cost control, contract management, technical, etc.) the approach will be quite different in terms of timeframe and breadth of perspective. It is well known that this different mindset is not always easy to acquire, and some experienced contractor employees may have difficulties to switch when participating on owner teams.

### Transforming a contractor team into an owner support team

Our experience shows that it takes time and effort for individuals and groups of individuals to migrate from a contractor mindset to an owner support team mindset. In particular, the breadth of perspective required within a

more reduced team often makes personal development and training required to understand specific owner issues (in particular, regarding financing and business case aspects).

This change of mindset may warrant a structured change management approach to make sure that there is full alignment between owner and owner support team from the outset of the project.

If an organisation provides both owner support and execution contracting services, we do recommend that those activities be performed in two separate business units because the business and success drivers are different. While employees may evolve between business units in their career, as this

reinforces their experience and knowledge, the expectations in terms of behaviour and mindset must be visibly established to be distinct.

### Summary

Owner support contractors are essential contributors to industrial projects when owner project management organisations are not well developed. A number of precautions must be taken when choosing such owner support teams, to avoid untoward conflicts of interest between the owner support role and other roles on the project and to ensure that they adopt an owner mindset rather than a contractor mindset.

While basic technical competencies are similar, it takes time to change the mindset of contractors' team members to become part of an owner support team, and this needs to be identified and anticipated through proper change management. If an organisation provides both owner support and execution contracting services, we recommend that those activities be performed in two separate business units because the business and success drivers are different.

**As a matter of good practice, the owner needs to keep or develop sufficient capabilities in-house to supervise its interests in the project, and in particular to supervise the owner support contractor itself**

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