

ETHOS PM GROUP

Board-Level Guide to Protecting Capital Investments in Major Building Projects

Strategic Project Management • Financial Stewardship • Risk Mitigation

Executive Summary

Capital projects represent one of the largest financial exposures for boards and property owners. Without structured oversight, projects often experience cost overruns, delays, and governance risk.

Effective oversight begins before construction — not during it.

Why Capital Projects Fail

Most failures originate in early phases: unclear scope, weak contracts, and lack of independent oversight. These conditions create compounding financial risk during execution.

Five Critical Cost Risks

- Undefined site conditions — concealed structural or system issues.
- Material escalation clauses — shifting pricing volatility to owners.
- Permitting delays — extended timelines and added costs.
- Incomplete design documentation — ambiguity and rework.
- Bid inconsistencies — misleading comparisons and approvals.

Cost Control Framework

Effective cost control includes structured budgeting, disciplined procurement, and strict change order governance.

Every dollar must align with defined scope and long-term value.

Governance & Oversight

Boards must maintain oversight without micromanaging. Clear reporting, accountability, and decision protocols are essential.

Contractor Oversight

Contractor selection must consider financial strength, experience, and operational capacity — not just price.

Reporting & Transparency

Board-level reporting should clearly communicate financial status, risks, and progress.

Conclusion

Protecting capital requires disciplined planning, structured execution, and independent oversight. Organizations that adopt these principles consistently outperform and reduce financial risk.