

What Drives the Decision to Deliver a Project through Project Alliancing in Australasia?

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What Drives the Decision to Deliver a Project Alliance

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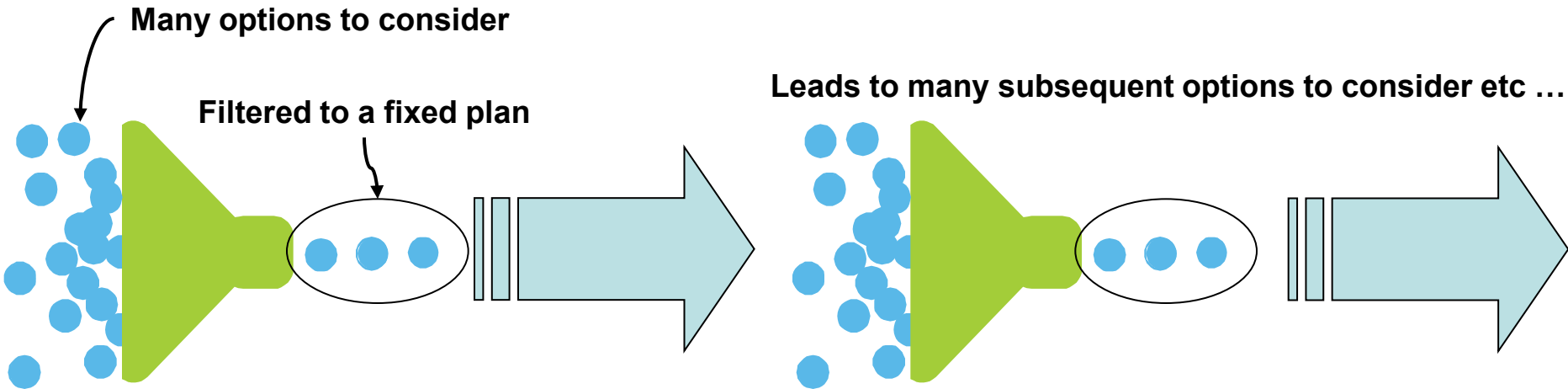
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Agenda

- Risk, Uncertainty and Ambiguity
- Alliancing Studies
- A RBP Collaboration Taxonomy
- Use of the Taxonomy to Explain Why Alliancing
- Conclusions

Discussion

- We were told 'its all about dealing with risk' (decision)
 - Internal risk drivers i.e.
 - value for money, experimentation, relational
 - External risk drivers i.e.
 - Crisis/emergency
 - Competitive resource availability environment
 - Mixed internal/external risk drivers i.e.
 - Known risk events
 - Unknown risk events



Unstable conditions **Stable conditions** **Unstable conditions** **Stable conditions**



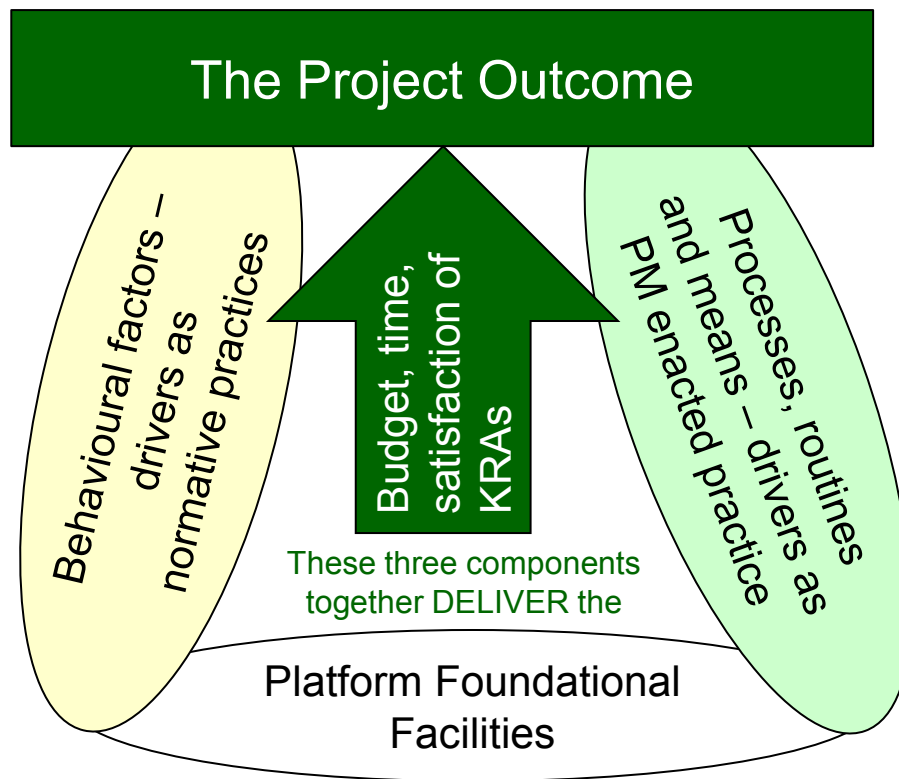
The project as a series of unstable and stable decision choice events

Study 1 of International Collaborative Forms

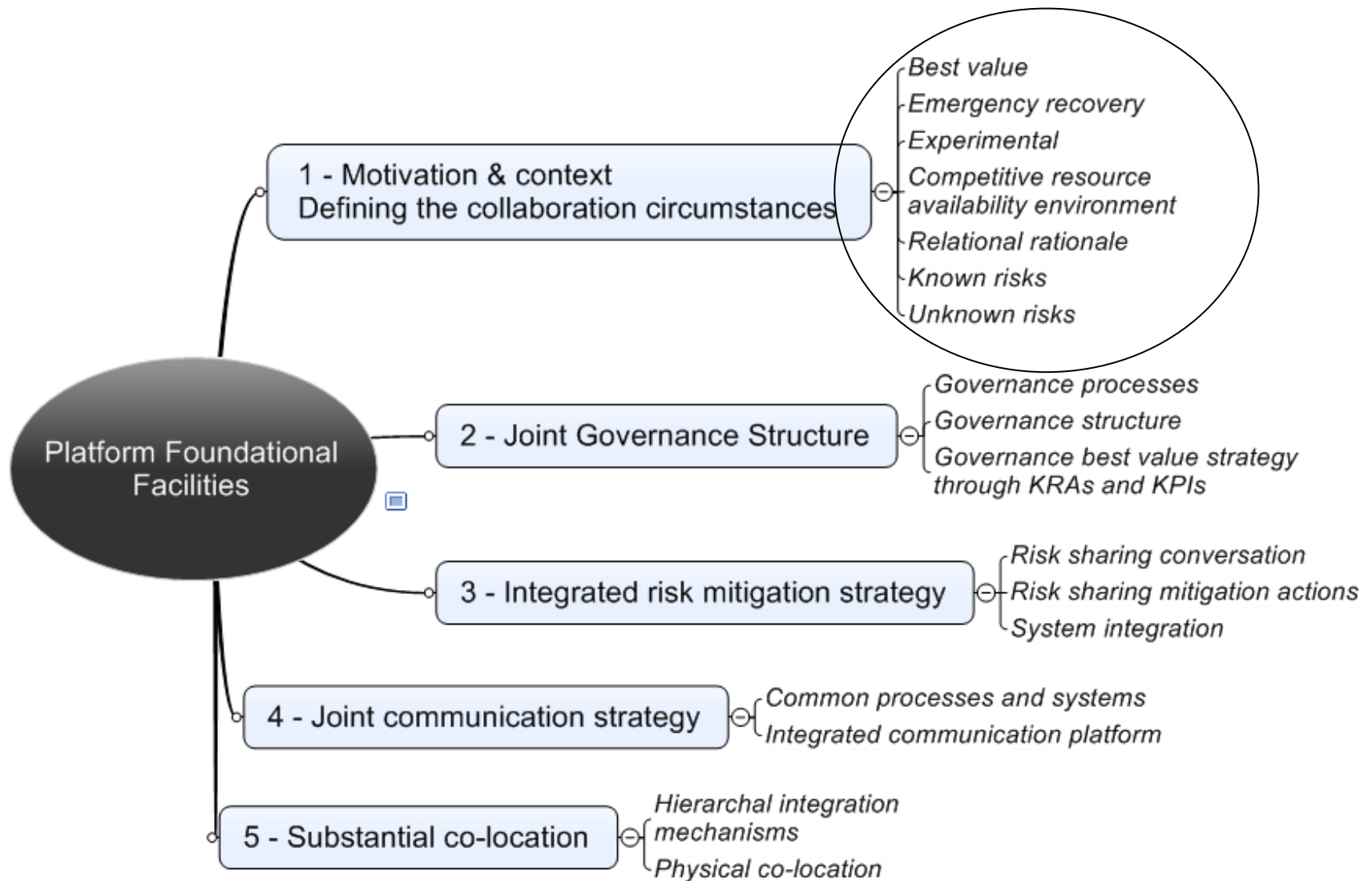
- Interviews with 50 Subject matter experts (SMEs): 14 academic experts and 34 practitioners mainly ALT or AMT members with AM experience
- Substantial literature review
- Government and institutional reports from USA, UK, Europe and Australia
- Book published in 2014
 - Walker, D. H. T. and Lloyd-Walker, B. M. (2014) *Collaborative Project Procurement Arrangements*, Project Management Institute.

Relationship Based Procurement Performance

- In order to deliver a project using a RBP approach three key components/elements need to be in place, 16 sub-elements in all

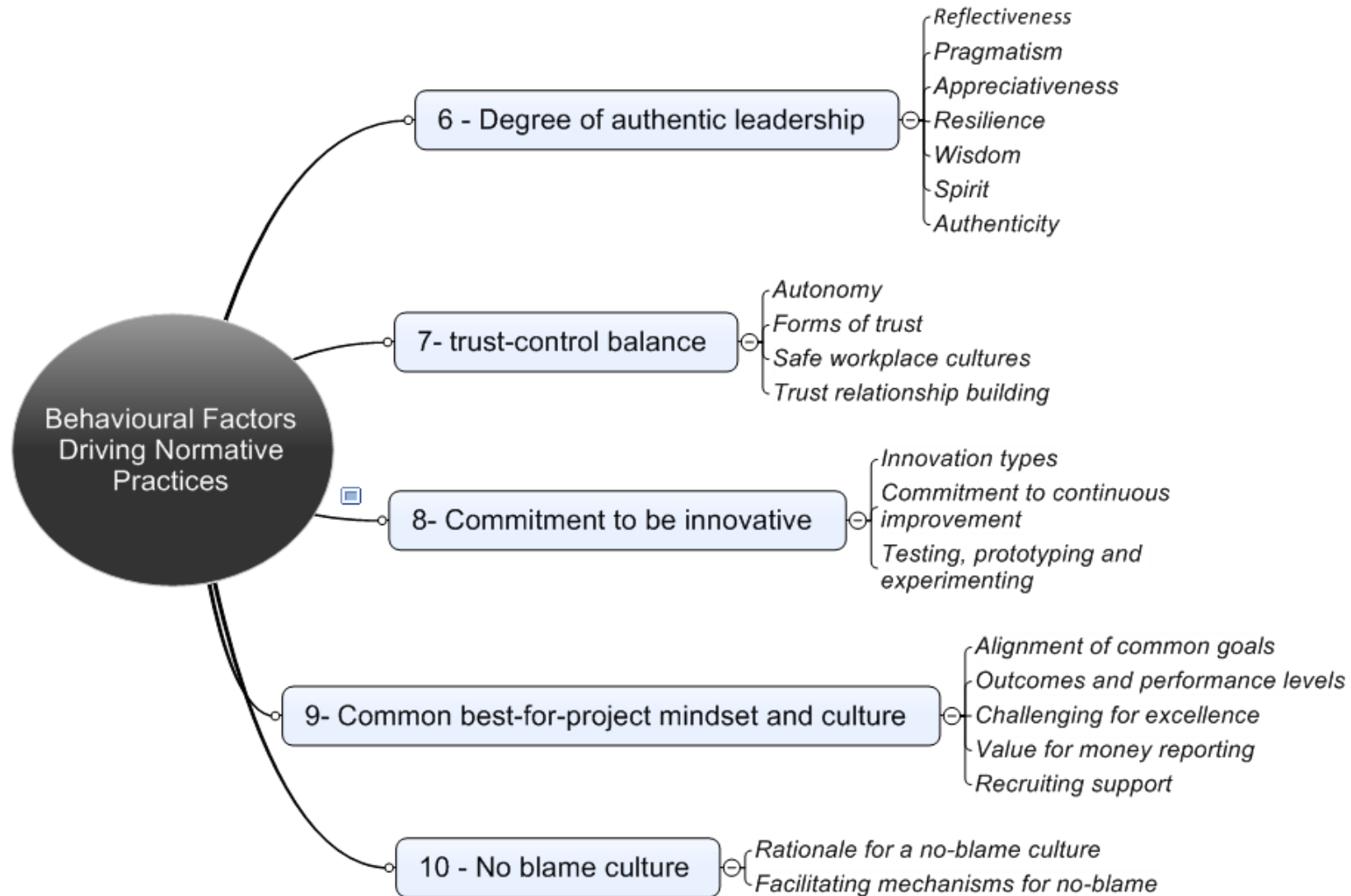


Platform Foundational Facilities



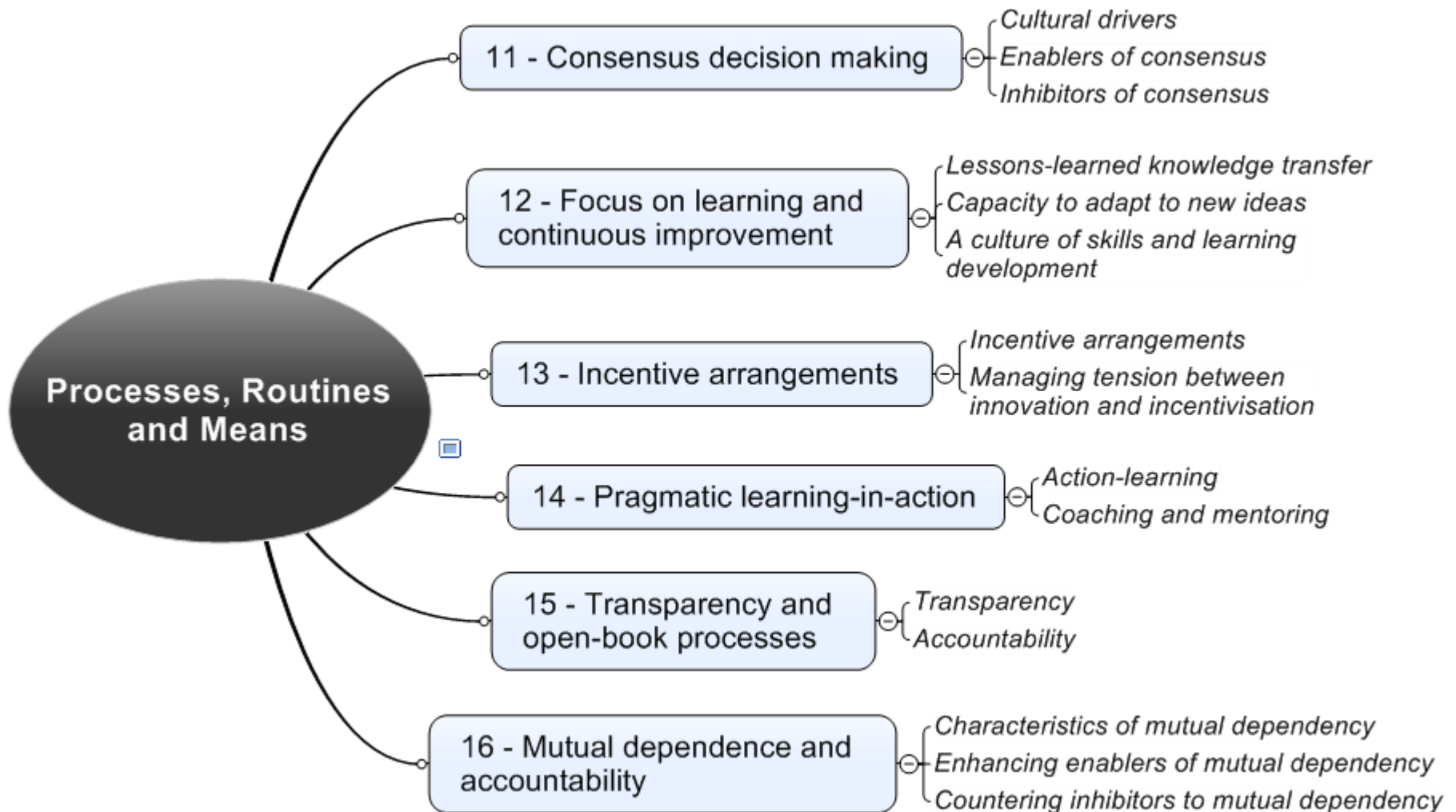
Behavioural Factors

- These drive normative practice



Processes Routines and Means Factors

- These enable behaviours are supported by platform foundational facilities to deliver the project



How can identified sub-elements be measured?

Each element has benchmarking measures in the form of a set of low to high descriptors that describe low and high levels of the element. Each can be scored 1-5

Each sub-element exemplar has a low and high benchmark descriptor

e.g. Sub-element 5 - *Substantial co-location*

Low levels characterised by firm-specific policy determining that disparate teams are physically located in dispersed locations and a large visibility gap between project leaders and the 'coal face'.

High levels characterised by a project-wide policy to maximise participant co-location on-site where feasible including the POR. High interaction between project leadership groups and the project management and physical delivery team members so that this engagement enhances communication and mutual perspective taking.

How to characterize and understand sub-elements?

Each sub-element has descriptors of the sub-element, what a high level of the sub-element thinking would look like, as well as high levels of **knowledge, skills attributes and experience (KSAE)** supported by transcript typical quotes.

Each sub-element KSAE is described.

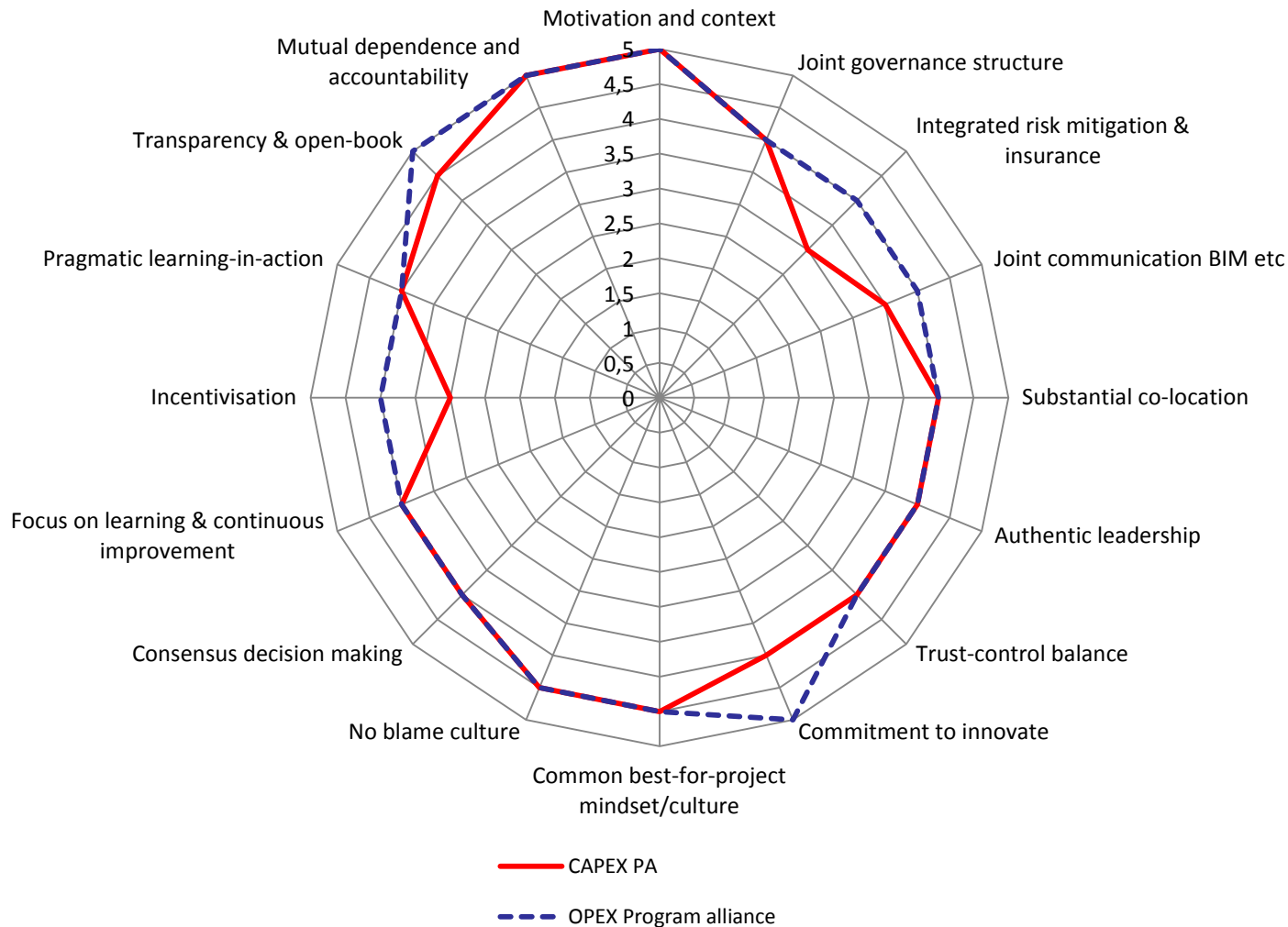
Examples of high level KSAE needed for relational needs :

Technical and PM KSAE – to gain confidence and credibility to engage in closer relationships through the relationship.

Business solutions KSAE – to understand the value proposition of various parties to frame a response that is justified through meeting a sound business case.

Relational KSAE – to visualise broad relationship networks and how value to other party(ies) can frame a constructive response to their needs.

Road Alliances



Example of Unknown Risks from the Paper

Dealing with **unknown risks** (unknown-known and unknown-unknown risks) poses a particular challenge to traditional and low level RBP forms because high levels of specification inhibits performance through encourage defensive routines and associated high levels of transaction cost. In this hyper-uncertain and ambiguous context the POR and project delivery management team members need a system that allows rapid flexibility to adapt to emerging realities with high level collaboration to facilitate maximising access to relevant knowledge, skills, attitudes and experience to resolve uncertainty.

P-28 Quote “We knew **somewhere around there were mines**, we didn't know the extent of the underground coal mines ... With all that risk and the political nature we ... **workshopped** the delivery method ... with industry... Considering all the risk and all those constraints that I spoke about earlier the **alliance was the only one** which was going to meet that timeframe that we were tied into and to be able to manage all the risk suitably or appropriately and all the stakeholder and the political issues associated with it.”

Alliance to **cope with uncertain, highly complex or ambiguous situations**.
Alliancing encourages early detection and timely work to deal with complexity

Conclusions

- Alliancing represents a specific response to risk, uncertainty and ambiguity requiring a '**hands-on**' POR involvement
- Could have a place within a PPP context for complex parts of a project (**SOCK paper**)
- Requires high level skills, knowledge, attributes and experience at a **relational** level.
- Our RBP or Collaboration Taxonomy presents a useful assessment and organisational design tool