

## **Project Governance: Owners Involvement and Accountability**

Jan Høegh, Partner  
Holte Consulting as  
Norway

<http://www.concept.ntnu.no/english/>



The mandate



PM's perception



The delivery



The actual need\*

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## PROJECT GOVERNANCE: OWNERS INVOLVEMENT AND ACCOUNTABILITY

Jan Høegh  
Partner, Holte Consulting  
jan.hoegh@holteconsulting.com



# Topics

**THE CURRENT SITUATION**

**THE CAUSE  
THE SOURCE**

**POSSIBLE CORRECTIVE  
ACTIONS**

## THE CURRENT, SOMEWHAT SAD SITUATION

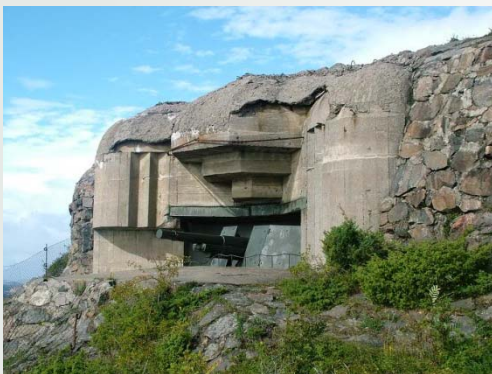
- Lack of owner involvement possibly the one area in Norwegian public projects with the largest potential for improvement
- Will lead to
  - loss of democratic control of the use of public recourses
  - waste of public funds and reduced benefits to society

A call for improved owner/buyer competence



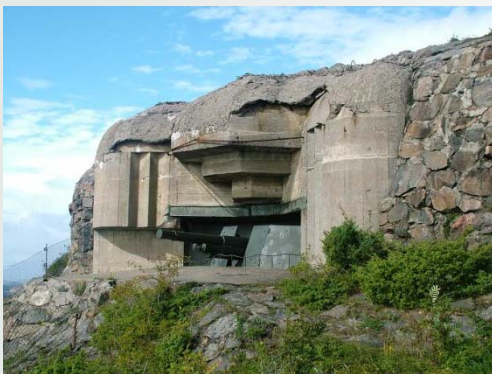
## SOME EXAMPLES

- **Holmenkollen ski arena:** Cost increased from initial 40 MNOK to 1820 MNOK
- **Building a new school:** Gold plating with excessive library
- **Roundabout in Stavanger:** Wrong concept
- **Billing-system for collective transport in Oslo:** Outdated before completion
- **Coastal fortification:** Continued investments in outdated solution



## THE SOURCE: INITIATION AND MANDATE

- **Holmenkollen to immature:** The project grew immensely from start to finish
- **Goldplated school to loose:** “A school”
- **Roundabout to rigid:** Insisting on spending the money no matter the effect
- **Billing system to specified:** Developing billing system instead of buying existing solution
- **Coastal fortification to tight:** “Coastal fortification”, not “coastal defence”



## THE CAUSE: LACK OF COMPETENCE AND CAPACITY?

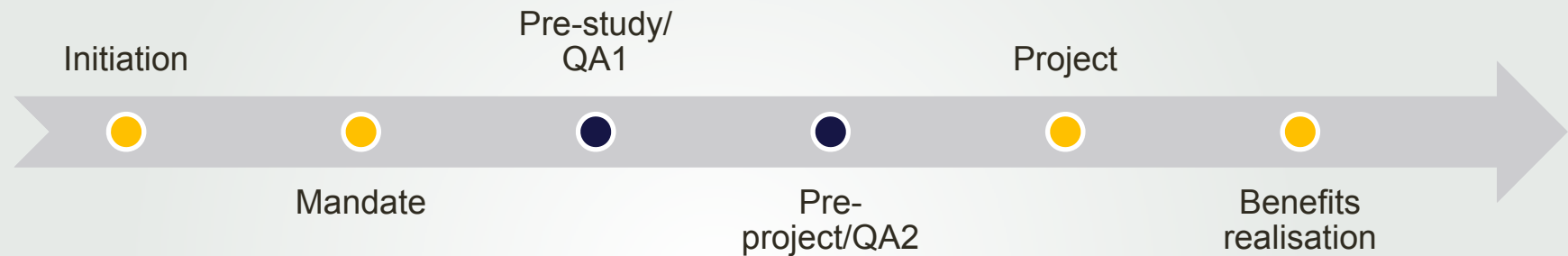
- Public operational activities have to a large extent been moved from national, regional and local central administration to agencies
- Central administration applies more resources to aiding the politicians
- The resulting lack of operational knowledge disables central administration from sufficiently defining the projects
- (In addition:
  - May low grade of definition be a conscious tactic to avoid responsibility for the results?
  - Is it more important to have granted and spent funds than to achieve results?)



## SOME POSSIBLE CORRECTIVE ACTIONS

### Increasing owner competence trough:

- Forced larger emphasis on the phases before and after external quality assurance



- More decision gates growing owner involvement and accountability
- Full use of possible decisions at gates
  1. Continue as planned
  2. Continue with revised plan
  3. Postpone
  4. Terminate
- Studies indicate that decision 1: Continue as planned, is used to often, decisions 2 – 4 to rarely\*

\* See for example: Concept report 3:2004



## SOME POSSIBLE CORRECTIVE ACTIONS

- Tougher PL's who demand clarification and owner involvement
  - If the mandate is unclear: ask, don't guess!
- Mandatory evaluation of achieved benefits
- Documenting and utilising experience, including the owner-perspective
- Formal training of project owners: courses, certifications etc.



## THE CITY OF OSLO MOVING IN THE RIGHT DIRECTION (SOMEWHAT URGED BY HOLTE CONSULTING)

- The City of Oslo has developed
  - A guide for project mandates
  - A new investment regime




# OSLO'S GUIDE FOR PROJECT MANDATE

## EXAMPLE: PRE-STUDY – CHOICE OF CONCEPT

### Mandate should include (excerpt)

- Background
  - Why pre-study
  - Relevant existing documentation
- Object for pre-study
  - What overall needs should be met
  - Level of detail required
  - Routines for involvement of project owner
  - Name and contact data for owners representative
- Most relevant framework conditions
  - Financing and time to completion
  - Priority cost/time/quality
  - Interface with other project and processes

 – Oppdrag om gjennomføring av konseptvalgutredning i Oslo kommune –

**Mal: Oppdrag om gjennomføring av konseptvalgutredning**

Oppdrag om konseptvalgutredning for <Navn på investeringen>	
Bakgrunn	<p>Overordnet bestiller utarbeider en kort tekst om bakgrunn og underliggende årsaker for prosjektet.</p> <p>Sentrale områder omtales:</p> <ul style="list-style-type: none"> <li>• Kort beskrivelse av bakgrunnen for initiativet (eksempel vedtak, lovendringer etc.)</li> <li>• Hva foreligger fra for av særlig relevant dokumentasjon</li> <li>• Målsetting for ferdigstillelse av KVVU-arbeidet og evt. absolutte krav til ferdigstillellesdato</li> <li>• Finansieringsansvar og evt. midler som er avsatt for KVVU-arbeidet</li> </ul>
Bestillingens innhold	<p>Det beskrives konkret hva overordnet bestiller forventer av oppdraget og hva som skal leveres. Følgende beskrives:</p> <ul style="list-style-type: none"> <li>• Format på leveranser (vise til veileder, evt. med sektorspesifikke spesifikasjoner)</li> <li>• En overordnet beskrivelse av hvilke type behov som skal løses gjennom investeringen</li> <li>• Krav til detaljnivå i analysene. (Bestillingen skal angi hvilket detaljnivå på de uttegnede løsningene i alternativanalysen som er nødvendig for at KVVUen skal være et tilstrekkelig.) beslutningsunderlag for byrådsavdelingen</li> <li>• Rutiner for involvering av overordnet bestiller</li> <li>• Ansvarlig og kontaktpersoner</li> <li>• Rutiner for behandling av dokumentet, herunder ved ferdigstillelse</li> </ul>
Føringer i arbeidet	<p>Beskriv sentrale føringer (politiske eller administrative vedtak) som må hensyntas i arbeidet:</p> <ul style="list-style-type: none"> <li>• En oversikt over særlige relevante rammebetingelser og føringer</li> <li>• Listen skal i så stor grad som mulig være komplett. Dette inkluderer vedtak, dokumenter, standarder, kravdokumenter, relevant lover og forskrifter og evt. andre forhold som må legges til grunn.</li> <li>• Dersom sektoren ikke har definert en fast skala for usikkerhetsavsetning for kvalitative usikkerhetsanalyser oppgis den som skal brukes i denne KVVUen.</li> <li>• Andre investeringer eller utviklingstrekk som må hensyntas i vurderingen</li> <li>• Evt. andre særlige hensyn som skal ivaretas, aktører eller interesser som er særlig berørte etc.</li> </ul> <p>I tillegg kan det gis føringer for kriterier for vurdering av konseptene, herunder kostnad, tid og kvalitet, og eventuelt andre føringer som overordnet bestiller ønsker ivarett i arbeidet.</p>

# OSLO'S NEW INVESTMENT REGIME – OWNERS INVOLVEMENT

## Central City administration shall

- Decide which undertakings are to be treated as projects and which projects are to be externally quality assured
- Approve project initiation and issue project mandate according to the guidelines
- Sequentially approve needs, goals, demands and preliminary sorting of concepts
- Contribute to and be familiar with the uncertainty analysis
- Ensure that the projects within 85 percent probability can meet the defined cost, time and quality

## The relevant Vice Mayor shall

- Decide use of the difference between P50 and P85
- Approve choice of concept and final report

**The City Government** shall approve all deviations from the priority cost – time – quality



## IN SUMMARY

- Better owner involvement and accountability demands
  - Better routines and operational knowledge (and perhaps a little more recourses)  
leading to
    - Better cost/benefit from projects  
making for a

• **Better life!**

