

concept

DECISION MAKERS, DOERS AND ADVISORS
– JOINING FORCES TO ENHANCE UTILITY OF INVESTMENTS

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Project Management ...

Constructing an Olympic Dream and Learning for Further Projects

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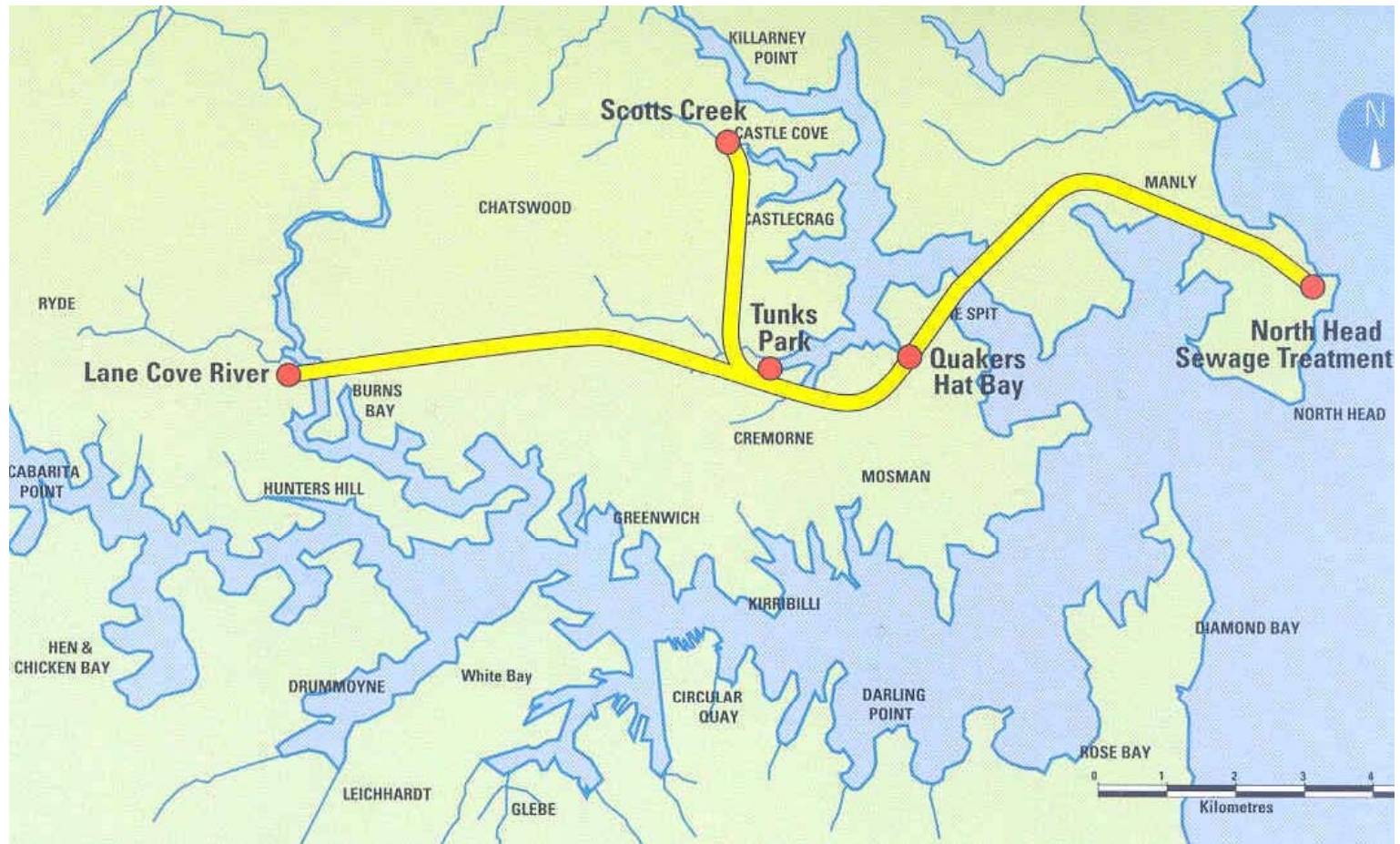
Field Site



The First Project: Complexity Made Simple

- A decision to undertake a major project in the run up to the Sydney 2000 Olympics was taken as a part of the NSW Government Waterways Project in May 1997, designed to clean up NSW rivers, beaches and waterways
- Cleaning up the waters of Sydney Harbour was seen as a priority for the Olympics in 2000 given that the ‘eyes’ of the world would be on the city in just over 3 years

Geography of the Project



The Contract

- It was evident that normal contracting methodologies would not produce the Tunnel on time
- The only variables stipulated in the contract were:
 - It had to be ready for the Sydney 2000 Olympics
 - An approximate budget of (AU) 380 million dollars

An Alliance to Deliver the Project

- Delivered as an Alliance – the first of its kind in mainland Australia
- Interorganizational collaboration
 - As a strategic tool
- Non competitive tendering, based on goodness of fit
 - UNIQUE – Absence of a tight *a priori* strategic plan

Project Outcomes Desired

- “A lot less shit and rubbish in the harbour”
 - Sparkling blue water for the TV cameras covering Olympic sailing and swimming events
 - In the long terms, less pollution generally for residents and tourists

Project Uniqueness

1. Symbolic and social impact
2. A major piece of Sydney Olympics infrastructure
3. Innovative prefiguring of an increasing use of public/private partnerships
4. Mode of delivery, without any prior specification of methods, machinery, and environmental conditions through detailed prior planning
5. Risk/reward scheme

Risk/Reward and KPIs

- A global indicative budget was determined for the project
- Performance on the budget – and a number of other key performance indicators – were linked to returns to the parties involved in the project
- If the budget was saved the partners made money; if it was exceeded they lost money
- An additional strategic purpose was that the prime partner, Sydney Water, had been under severe public criticism because of outbreaks of Giardia and Crypto-Sporidium in its water supply only a few years earlier. Thus, as a long-term service provider in Sydney, the client was committed to improve its relationship with the community

From BAU to Breakthrough Innovations

- The detailed design of the tunnel was commenced by the alliance once it was established in early 1998
- First defined a *Business As Usual (BAU)* case, using conventional scenario planning approaches: the outcome that would be most likely to occur with the project if they designed and constructed it through traditional planning methods, such as reverse scheduling
- But the project partners wanted to do much better than this: they wanted breakthrough innovations

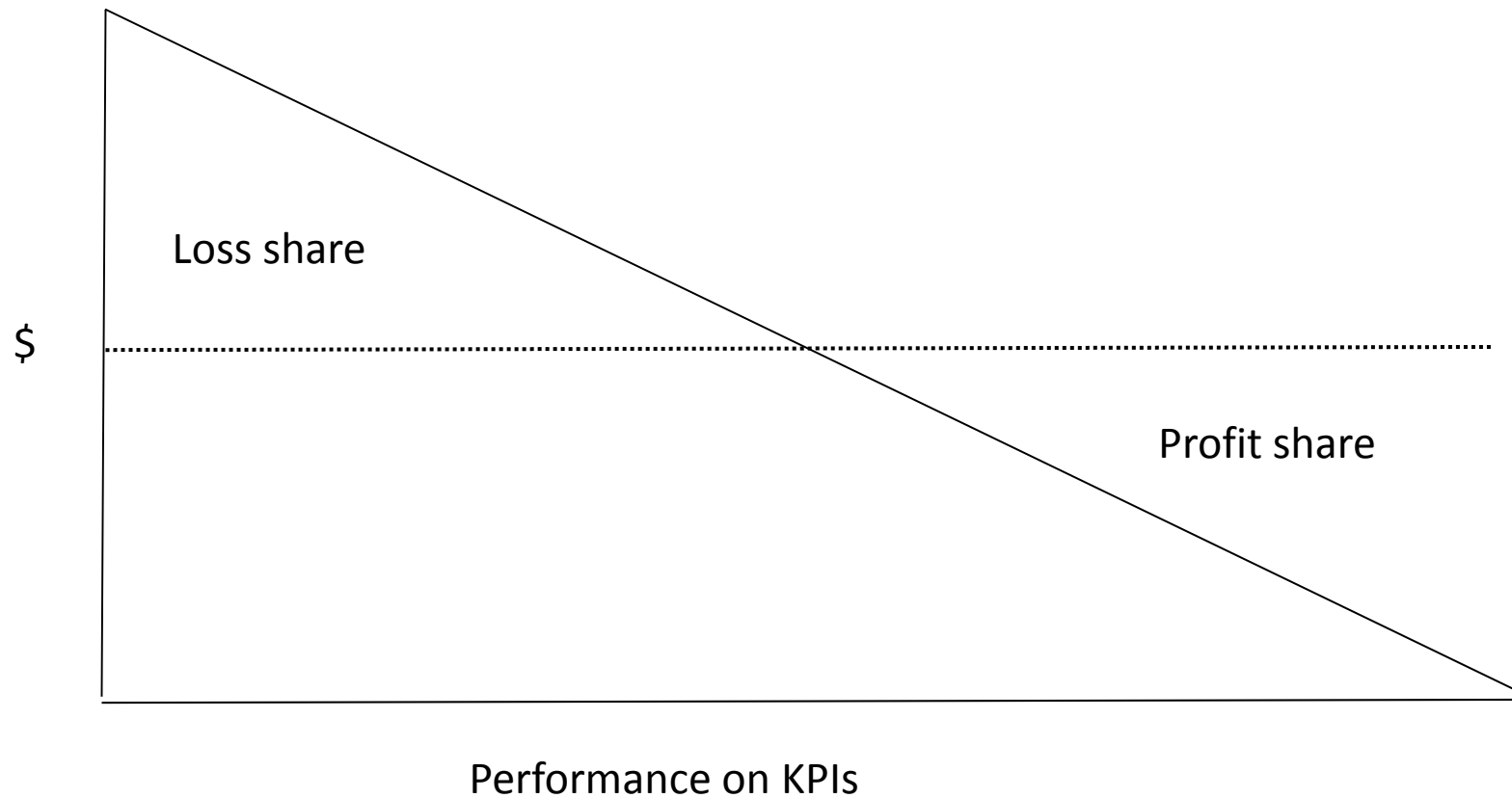
How to do it? Designer Culture

- A list of value statements was produced by the PALT (Project Alliance Leadership Team), which comprised the formal statement of the culture: the two core values were:
 - Striving to produce solutions that were “best for project”
 - Having a “no blame” culture
- All contractors, staff and “subbies” were inducted into the culture

Alliance Culture Commitments

1. Build and maintain a champion team, with champion leadership, which is integrated across all disciplines and organizations
2. Commit corporately and individually to openness, integrity, trust, cooperation, mutual support and respect, flexibility, honesty and loyalty to the project
3. Honour our commitments to one another
4. Commit to a no-blame culture
5. Use breakthroughs and the free flow of ideas to achieve exceptional results in all project objectives
6. Outstanding results provide outstanding rewards
7. Deal with and resolve all issues from within the alliance
8. Act in a way that is “best for project”
9. Encourage challenging *BAU* behaviours
10. Spread the alliance culture to all stakeholders.

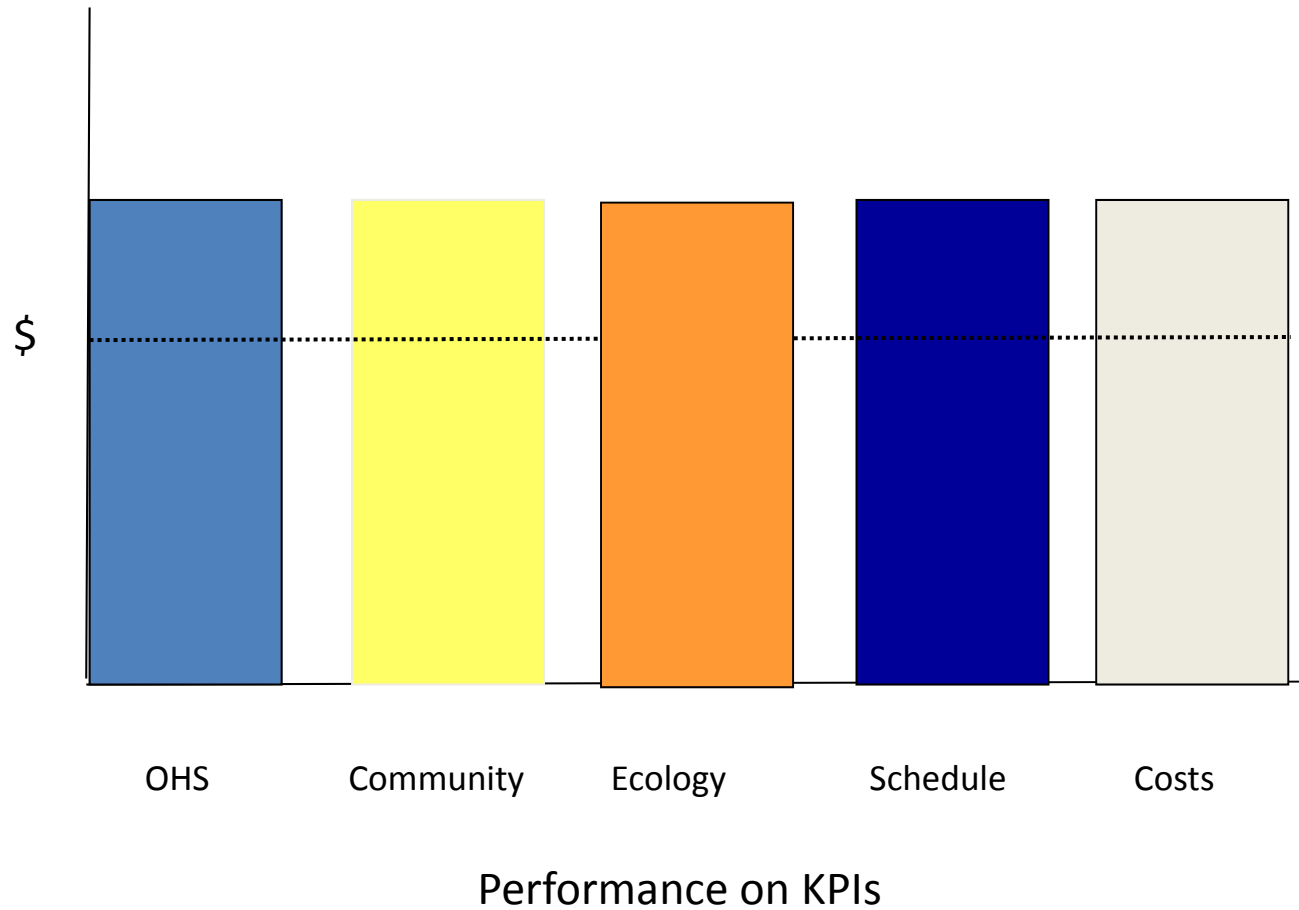
Profit Share Scheme



Who Benefits?

- Ecology:
 - The marine life in the harbour (who were a potent symbol in the project iconography)
- Community
 - The residents around the foreshore and under the tunnel route
 - The local communities with whom they would interact in the process
 - Public works contractors throughout the State of New South Wales
- OHS
 - The employees, contractors and client themselves – the members of the alliance
- Schedule
 - The Olympics organizers
- Costs
 - Sydney Water & The Alliance Partners

All KPIs had to Exceed BAU for Profit Share



Whales in New South Wales



Main Relevant Publications

- Pitsis, T., Clegg, S. R., Marosszeky, M., and Rura-Polley, T. (2003) 'Constructing the Olympic Dream: Managing Innovation through the Future Perfect', *Organization Science*, 14:5, 574-590.
- Clegg, S. R., Pitsis, T., Rura-Polley T., and Marosszeky, M. (2002) 'Governmentality Matters: Designing an Alliance Culture of Inter-organizational Collaboration for Managing Projects', *Organization Studies*, 23:3, 317-337

The Second Project: Public-Private Alliance to deliver Sewerage to outer Western Sydney remote locations

- After the initial research with Sydney Water we were invited to work with them as an industry partner on a further ARC funded research project
- The alliance was a Public–Private Partnership with an estimated duration of eight years and an AUD\$383 million target cost.
- From 2002 up to and including May 2007 one or more researchers sat in on and observed the Alliance Leadership Team’s monthly meetings.

	Initializing constructs	Constructs of a practice	Explanatory constructs
<p>Authoring boundaries</p> <ul style="list-style-type: none"> • What is legitimate practice? • How would practice deviate from legitimacy? 	<ul style="list-style-type: none"> • Contractual agreement • Sharing risks and rewards • Equal partners 	<ul style="list-style-type: none"> • Unanimous decisions • Trust and face value discussions • Experts and novices (inside and outside) 	<ul style="list-style-type: none"> • Practising an informal web of knowing what-to; from questioning ways of performing to established ways of doing • Constructing a practical 'Ideal speech situation'
<p>Negotiating competencies</p> <ul style="list-style-type: none"> • What does it take to perform as a competent practitioner? 	<ul style="list-style-type: none"> • List of goals and measurements 	<ul style="list-style-type: none"> • Negotiation of goals and measurements 	<ul style="list-style-type: none"> • Emphasizes the situatedness of knowing and the social construction of a practice
<p>Adapting materiality</p> <ul style="list-style-type: none"> • Through what devices are practices materialized? 	<ul style="list-style-type: none"> • Project plans, budgets etc. • Set time and task for collaboration 	<ul style="list-style-type: none"> • Affirming their new approach to construction management through site visits, representational strategies, and meeting protocols • Ongoing achievement 	<ul style="list-style-type: none"> • Affirming the significance of the site as the place in which their symbolic work gets done • The site as a 'sacred place' of/for practice • Lifting the practising from particular performances to

Main Relevant Publications

- Bjørkeng, K., Clegg, S. R., and Pitsis, T. (2009) 'Becoming a practice' *Management Learning* 2009; 40; 145-159.

The Third Project: Improving Consulting Capability?

Research Counsel supported Research ...

- How do project blow-outs occur?
 - Identifying antecedent factors that cause loss of project control
 - Evaluate key comparative differences in project management, governance systems and practices that different types of organisations use in order to control project blow-outs
- Develop a model describing practices best able to predict and avoid major project blow-outs

Work with an “Established Industry Partner”

- An international consulting organisation specialising in project based services
 - focuses on project governance and aspects such as project recovery, performance, execution, delivery capability and executive support
 - provides us access to 20 organisations from the banking, utilities, construction and government sectors

Where we are now ...

- Worked initially with a refined version of the survey tool used by the industry partners and have data linked to 20 organisations
- Survey tool included 313 questions and was administered in the form of an interview by one individual from the industry partner who interprets the discussion with client and scores subsequently each question
- Example →

The data: expert sensemaking on 300+ items

- The industry partner ‘uses’ a project management methodology that draws on those 300+ statements, scored by the consultant(s), that promises:

Combining a unique set of skills with leading edge concepts, “the industry partner” has a deep understanding of what drives project performance and has supported many of Australia’s most prominent organisations to build an effective execution capability and to deliver some of the country's largest and most difficult programs. Helmsman works across a number of industry sectors including Government, Defence, Finance, Telecommunications, Logistics, Energy, Utilities & Mining.

- Our project is to make sense of their sensemaking to provide more robust tools for analysis and to relate these tools to project performance measures

Lack of conceptual and statistical support ...

- Initial exploratory factor analysis reveals only a couple of factors of which the first one has 182 items
 - There is no discernible logic in these items hanging together -> lack of conceptual/theoretic foundation
 - Use of different scales that had to be re-scaled
 - Notably, small dataset with only 20 cases ...
- Confirmatory factor analysis similarly reveals issues with data ...
 - Problems:
 - Statements that fit conceptually do not necessarily have high loadings
 - Many factor items lack conceptual coherence
 - Some putative concepts break down into multiple factors
- Badly developed survey and common method bias -> survey and data not useable

Lack of conceptual : sensemaking...

- Looking at the 300+ items
5 members of the research team clustered the items in a sensemaking exercise, using the principles of grounded theory
- We sought to make conceptual sense of the items used and came up with a list that grouped them into:
 - Managing routines
 - Managing strategy
 - Managing knowledge
 - Managing people
 - Managing risk
 - Managing alignments
 - Managing uncertainty
 - Managing budgets
 - Managing resources
 - Managing time
 - Managing stakeholders
 - Managing contracts
 - Managing culture

Where we are now...

- The current survey tool is heavily biased and structured to reflect the assumptions and thought process of the head of Australian branch
 - Discussions with them have revealed that while there is a wealth of experience within the senior staff, there are many implicit determinations that bias the way the survey tool has been developed and the companies are scored
- Make sense with industry partner to develop a useable survey tool

Where we want to be (includes our industry partner ...)

- Develop and administer a survey tool that assess the relevant constructs within project management and governance that is unbiased by individual or industry assumptions
- Use a broader sample of organisations (approx 200) including a number of industries
 - Aim to create new generalizable instrument from:
 - Grounded theory
 - Factor analysis
 - Project Management Literature

What we need to do

- Develop a strong conceptual foundation that captures the antecedents of project blow-out
 - conduct qualitative interviews within project-based organizations to gain a better understanding of the practices, routines, structures etc. that affect project performance and blow-outs
 - synthesize existing theories and their explanatory abilities in understanding those practices, routines, structures etc. that likely influence project performance and blow-outs
- Develop a survey that can be administered independently via an online web delivery tool
 - pre-test and assess formative and reflective measurement scales

Anticipated Outcomes

- To collaborate with the industry partner to develop a survey tool that becomes the standard governance audit tool across Australia and elsewhere
- To develop an empirically driven understanding of the root causes of factors that result in various forms of project blow-outs