



Concept Symposium 2016

Governing the Front-End of Major Projects

Morning Bird Program: Vanity in projects



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Wouldn't it be wonderful, if only once in your life you had access to unlimited funding to realize the project of your dreams? It is perhaps a good thing that few people are bestowed with the privilege. Vanity projects have disturbing features. While costly and conspicuous they produce miniscule benefits, if any at all. The reason is a built-in element of profound dishonesty. The goal is not to produce the purported benefits, but to advance the glory of one person or a group of persons. Thus, vanity projects evolve along a kind of logical path, but one that is different from what the financing party is led to believe. Furthermore, the lack of checks and balances, including a system of good governance, make the vanity projects prone to cost and time overruns or total project collapse.

In some cases the element of vanity is obvious from the start of project planning. In other cases vanity sneaks in through a stream of change orders. In these latter cases it can be a challenge to stop before reaching the brink.

Vanity projects can be found as far back in time as the start of recorded history. It was in fact the preferred way of developing projects for many an autocratic ruler. It is perhaps a little more surprising that we still encounter them today.

In this morning session historical cases will be used to delve further into the properties of vanity projects with the aim of avoiding them for the future.

Vanity in Projects

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Case 1

The Royal Ship Wasa



The accident

- This is the story of a shipping accident that was not the biggest in Swedish history, but certainly the most embarrassing.
- It was a sunny summer day with only a mild breeze in Stockholm on this August 10th, 1628. It was Sunday, so most of the population was present at the quay as His Majesty's brand new royal ship started out on its maiden voyage.
- The captain had set only 4 sails out of 10. Suddenly, a wind blow filled the sails, and the ship immediately began to wobble. Then a somewhat stronger blow followed. The ship listed heavily to port and water started to pour in through the open gun ports. The ship now sank rapidly, taking 30-40 people with it. They had covered a distance of less than one mile.

Political background

- The Swedish king was Gustavus 2. Adolphus. He was very ambitious, seeking to make the Baltic Sea a *Mare Nostrum* for Sweden and at the same time fight catholicism in Germany and Poland.
- Sweden had limited maritime traditions, hence the king called on Dutch shipbuilders to assist him in creating a strong fleet.
- The king was farsighted and vigorous, but he was also fond of display, was hot-tempered and quick to change his mind. So he was a challenging principal for a project manager to work for.

The contract for the Wasa

- On January 16th 1625 the King commissioned the Dutch shipbuilder Hendrik Hybertszoon to construct 4 ships, 2 big and 2 small. He should commence with one of the big ships.
- In September that year 10 of the King's warships were lost in a nasty gale outside the coast of present-day Latvia. Now the king asked for the two small ships to be built first. He wanted to compensate the losses as soon as possible, and the small ships were easier and quicker to build.
- In the winter of 1626 he changed his mind again, asking Hybertszoon to start with one of the big ships, as originally called for. It seems that one reason was to impress his enemy cousin, the catholic king of Poland.

The construction

- In March 1626 construction of this first of the big ships – the *Wasa* – began. Mr. Hybertszoon had to make the best possible use of the timber that was left in the preceding winter, earmarked for a small ship.
- While the contract of January 1625 comprised specifications in only a few areas, a stream of royal amendments and change-orders were now received at the yard. The king wanted as many as possible of the biggest guns available, i.e. 48 24-pounders, weighing 1 1/2 metric tons apiece. To achieve this, two gun decks were necessary. The ports on the lower gun deck reached down to 1.30 meters above the sea level.
- In May 1627 Mr. Hybertszoon died. The ship was completed by his assistant, Mr. Hein Jakobsson.

The Wasa afloat and on the sea bed. Efforts to salvage the guns and other valuable equipment.



The investigation

- A royal commission of 17 men was appointed to investigate the accident. On September 5th 1628 the official inquiry took place at the Royal Castle.
- Officer Jöran Matsson swore that he had filled up the bottom of the ship with as much ballast as possible.
- Captain Söfring Hansson told the commission that he had tried the stability of the vessel. He had had 30 sailors running from one side of the ship to the other. After three rounds the ship lurched so much that supervising admiral Fleming had stopped the experiment. As the king was abroad and nobody but the king had the authority to declare the ship «not seaworthy» none of them took any further action.
- Shipbuilder Hein Jakobsson claimed that he had completed the ship according to the specifications he had been given by the late Mr. Hybertszoon. He had increased the width by 40 centimeters, though.
- Mr. Hybertszoon's business partner, Mr. Arendt de Groote told the commission that the dimensions and appearance of the ship had been approved by the king himself.

Aftermath

- The commission could not escape the fact that the king had been deeply involved. There was a real danger that impeaching one or more of those who had been questioned would entail casting a shadow over the king's person as well. It is therefore not surprising that the verdict was: The ship was well built, but the proportions were wrong. No one could be blamed.
- In 1961 the Wasa was salvaged and is now on display in a museum in Stockholm. It is the most complete big sailing ship in the world that is preserved from the early 17th century, and as such attracts loads of visitors. But that is a different story!

The salvaged Wasa on display in the Stockholm museum



Case 2

The frigate «Kong Sverre» («King Sverre»). «The terror of Europe».



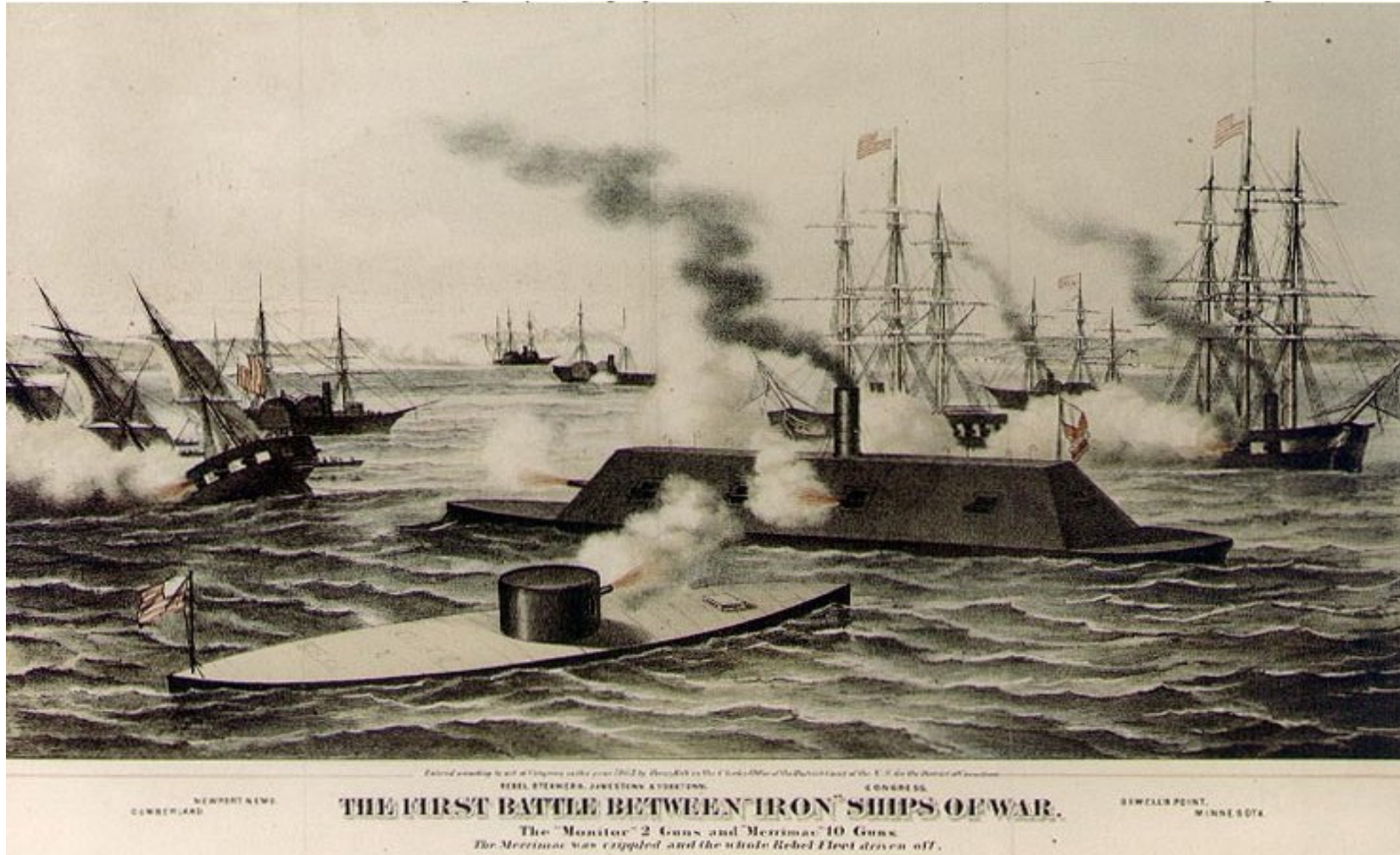
Naval background

- By the mid 19th Century Norway had a rapidly growing merchant fleet while the navy was insignificant.
- Procurement programmes recommended by naval commissions in 1818 and 1833 had not materialized in anything but a miniscule number of smaller ships, primarily because of lack of funding.
- A feeling of inferiority and despair was spreading in naval circles.

The «solution»: One super ship.

- Through the 1850's economic growth was healthy in Norway, lessening the budgetary restraints.
- The admirals' day had come, and they decided on one super ship, a frigate about 50% bigger than the common norm amongst naval powers in Europe. Price tag: 570 000 silver dollars.
- In 1860 the ship was launched, a wooden construction of 3 475 tons displacement with 40 guns on two decks. Propulsion was by steam engine and sails. It took four years to equip the ship. In the mean time something happened in America...

Hampton Roads March 9th, 1862. The first clash of ironclads.

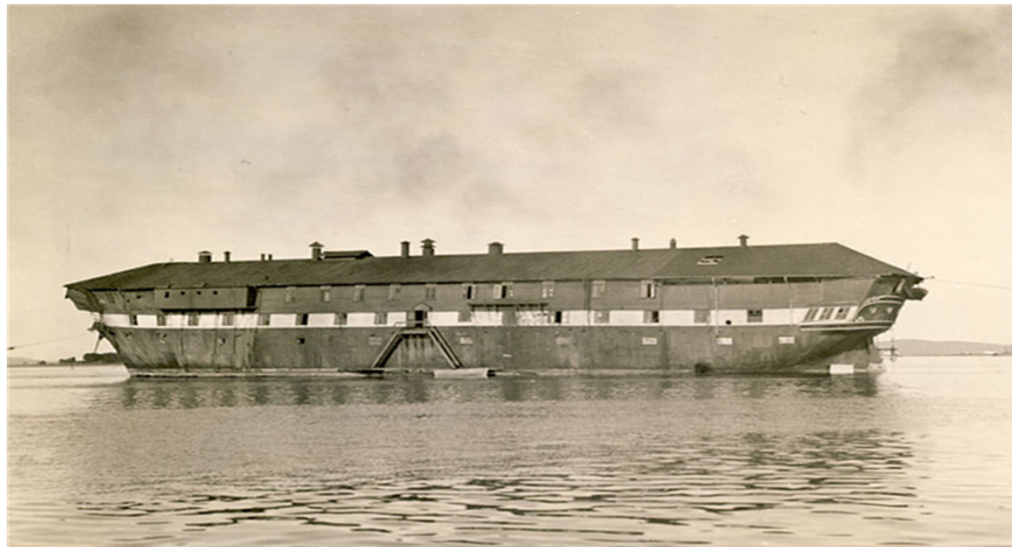


Brief operational story, then decommissioning

- On April 11th, 1864 the flag was hoisted and the ship started an operational carrier that ended on August 13th the same year.
- There was inadequate funding to keep it operational, it had no military value and so there was not much more to do but to mothball her. Armament and machinery were removed, later the rig as well.
- The responsibility for this project was shared by many. The naval officers agreed that no one could be blamed.
- The decision to break her up was understandably hard to make after having put so much effort in the project.

The End

- «Kong Sverre» was for many years laid up as a lodging ship and then abandoned, left to rot.
- Eventually, in 1932 she was broken up in Stavanger. Some of the decking is preserved at this hotel (!)



Case 3

The Holmenkollen Ski Jump



Background

- Norway prides itself of being the cradle of modern skiing.
- For a long time there was special emphasis on ski jumping, in fact up until about 1960 the gold medalist at the winter olympic games and world championships was always a Norwegian.
- The most prestigious ski jump is Holmenkollen, situated in Oslo. Several times this ski jump has been replaced with new, bigger and more elaborate constructions.

Preparing for the World Championships Nordic Disciplines 2011

- In March 2005 the City of Oslo made a successful bid for the championships in 2011.
- Ostensibly, it should not cost much. Built for the championships in 1982, the existing ski jump was deemed adequate.
- But as soon as the City was awarded the games, pressure began to build for the arenas to be made more «decent». In December 2006 the city decided on a new jump.

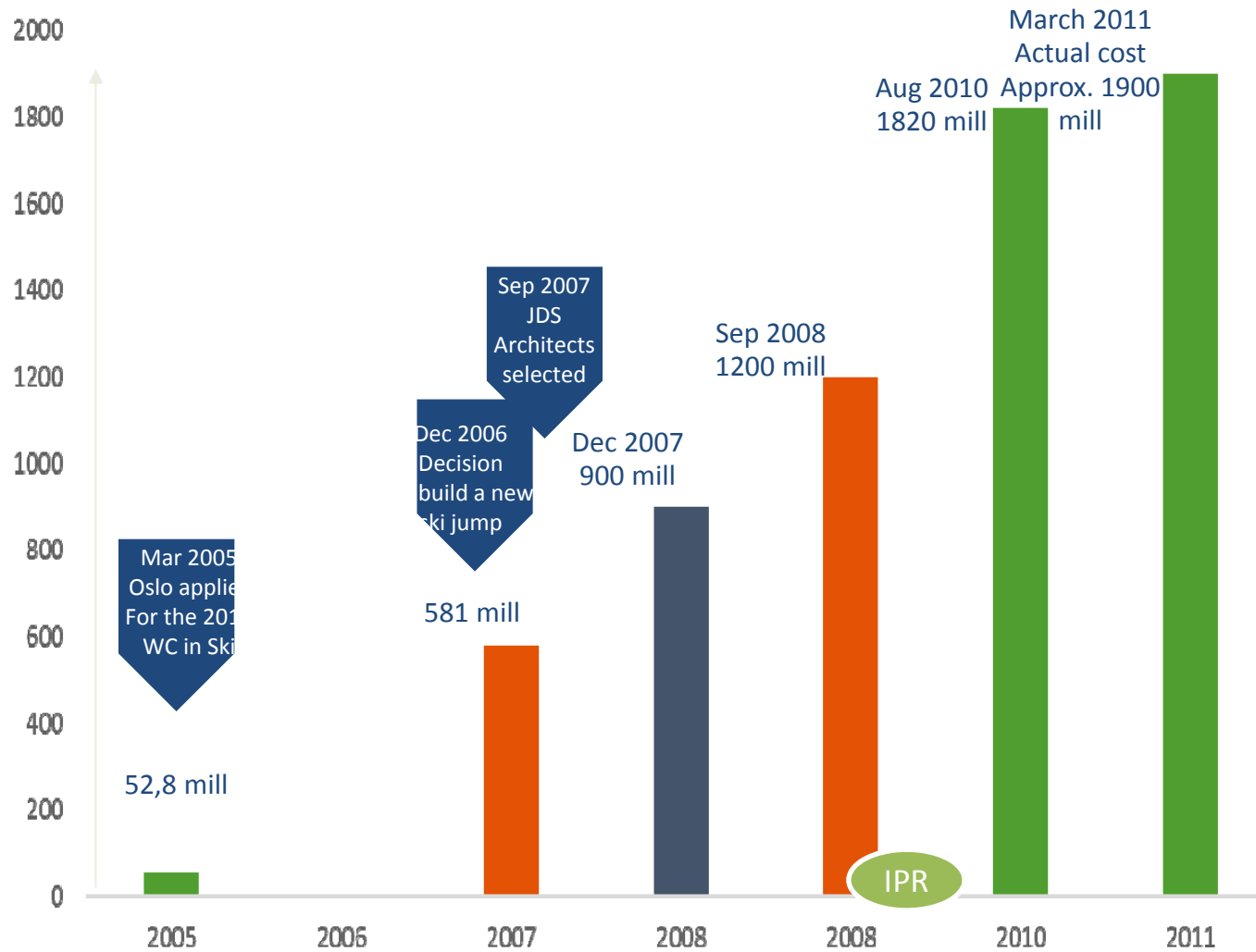
Limited benefits

- There were physical constraints as to how much bigger it was possible to make a new ski jump if it was to remain at Holmenkollen.
- Learning that he would be able to jump 5 meters longer in the new ski jump, one of the top Norwegian athletes commented: «Those will be expensive meters.»
- Unimpressed, the City Council proceeded with an architectural competition.

Cost explosion

- Architectural competitions are always cost driving, but this was probably difficult to avoid in the circumstances.
- It is, however, imperative to have a strong and professional owner involvement.
- The project was a «one off» for the owner group at the City Council, far exceeding their competency regarding size as well as complexity.
- An independent project review was called for too late for the reviewers to influence the management of the project.

Budget development



Aftermath

- Despite the dual fiasco, very limited benefits and a huge cost overrun, a committee of investigation was never called for.
- The City Council understandably ran press campaigns «explaining» their case. The City Council Premier concluded thus in an interview with the newspaper VG on October 29th 2008: «No one can be blamed» (In Norwegian: «Ingen kan kritiseres»).

Concluding remarks

- When vanity trumps ordinary cost-benefit considerations the outcome is likely to be less than mediocre.
- Indeed, the totally unnecessary costs of lavishness only add to the desired vanity effects.
- The «no one can be blamed» syndrom is not uncommon.
- On the other hand: There seems to be some degree of learning effect. None of the cases mentioned were ever repeated. And the City of Oslo has adopted the Government's QA stystem.
- May be cases that end up with a blame game have less prospect of deterring people from trying again. After all, finding a scape goat is not equivalent with problem solving.