



SENSIBLE CLIENTS GET SENSIBLE PROJECTS - OR DO PROJECTS GET THE CLIENTS THEY DESERVE?

Report of 23rd Annual Conference held on 28th-29th September 2005 at the Latimer
Conference Centre, Chesham, Buckinghamshire

Summary

Introduction

This year's annual conference explored issues surrounding the interface between key players in major projects: the client, those involved in the supply chain and the end user of the asset created by the project.

Contributors gave an insight into their views and experiences as client, project manager and end user in major projects across different industry sectors, including the NHS, construction, defence, transport and the performing arts, and results of a specially commissioned research project on client/supplier relationships were outlined.

The presentations were followed by group discussions, which resulted in the identification of ways in which each of the roles of the 'the client', 'the supplier' and the 'end user' could be improved.

The keynote speech addressed the idea that the delivery of large and complex productions in the arts and culture industry is analogous to that of any other major project, with partnerships and teamwork essential to their success. It also emphasised the need for energy, enthusiasm and 'soul' in the creation of any successful project.

The event included a short allegorical play, which was designed to be entertaining, whilst provoking analysis of the key issues and interfaces.

The research project

Major Project Association (MPA) members and three other organisations contributed to the research project's survey on client/supplier relationships. The survey was conducted via structured interviews of 34 senior managers across different sectors, comprising twelve client organisations, ten contractor organisations, seven professional service companies and five academic audit organisations. The results highlighted five key themes:

1. Trust and openness

A major benefit of trusting and open relationships is that problems or opportunities are highlighted early, enabling better overall performance in the delivery of the project.

2. Clarity of objectives

There is a fundamental need for clients to have clearly defined and understood objectives for the project. Suppliers and end users of the asset can often help define requirements in a way that all parties can understand.

3. Integrated project teams

By integrating teams from the client and the supply chain a better understanding of requirements and feasibility is obtained at an early stage of the project, with the benefits of an integrated approach to problem-solving.

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4. The client as integrator

It is the client's responsibility to integrate the project with any other ongoing or imminent programmes that may affect the operation and outputs.

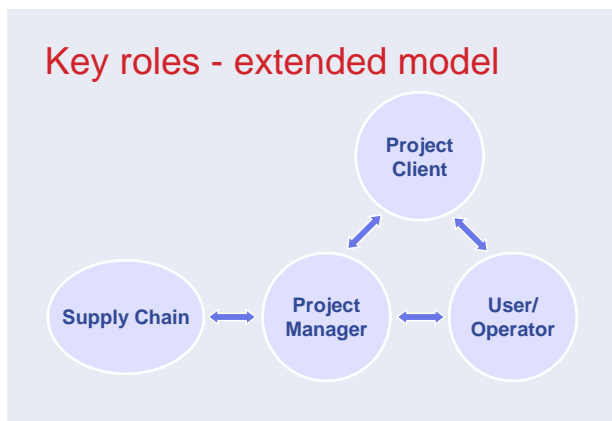
5. The client's capability

It is essential that the client has clear responsibility and authority, understands the full meaning of project management and has experience of procurement principles, can manage consultants and contractors, balance competing stakeholder expectations and deal with any problems that might jeopardise objectives. Ineffective client capability was seen as one of the major reasons for project failure.

The client/supply chain relationship model

Following the results of the survey a new model for the key roles in a project programme was suggested.

Instead of concentrating on a simple interface between the project client and the supply chain, it was suggested that the extended model, (below), illustrating the complex relationships involved in a project, is now more appropriate.



The client needs to focus on the business objective, the project manager on delivering the project and the user in maintaining day-to-day business. Their interaction varies over the life-cycle of the project, and a realistic involvement pattern is suggested below:

The supplier experience

In the traditional approach to project management the supplier delivers a specific outcome against a set of defined requirements, and the relationship with the client is often a win/lose situation in which one side's loss is the other's gain. This is not conducive to the successful delivery of a project and a more enlightened approach to programme management involves the supplier participating throughout.

Projects are increasingly complex, last longer, have increasingly demanding timescales and are carried out in more difficult environments with multiple and influential stakeholders. Because of this, suppliers often need to be treated as partners, and good working relationships established at an early stage.

Where there are fixed elements in a project, such as the cost of land or a supplier's overheads, in general a reduction of 10% in overall finances has been shown to give a 50% reduction in exercised control. Suppliers should resist giving a low price in order to gain a contract which will ultimately be disadvantageous to the client. Bringing in the supplier as a partner gives an advantage both in management and innovation.

The user experience

It is a common complaint that the end user of an asset is insufficiently consulted at the planning stage of a project and even more so as it is implemented. Often the business needs of the client and supplier develop separately from the end user's original requirements.

Involving the user



What the client ordered



What the designer specified



What the contractor built



What the user asked for

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There are thus three key requirements which the client and supplier should observe:

1. Communication: Prime users have a valuable input to any project and the client should appoint a known person who is accessible at all times and who will listen to representatives of key stakeholders.
2. Consultation: The supplier should consult the prime user where any part of the programme directly impinges on the user's activity, and the client should strike a balance between assessing the expectations of stakeholders and the time considerations of the project.
3. Continuity: Where programme cycles are long and project team members change, new team members should be thoroughly appraised of past and ongoing issues so that old ones do not have to be revisited.

Table discussions

Nine groups were asked to reach a consensus on what members had heard, learned and observed over the course of the day in answer to the question: 'What should be done to achieve the right project outcome for clients?' Different groups were asked to consider the issues on behalf of the client, on behalf of the supplier and on behalf of the user.

What should the client do differently?

- Be flexible in the programme's execution and able to judge a trade-off between cost, time-scale and quality
- Empower their team members to make executive decisions pertaining to the project
- Have clear decision-making structures indicating the different relationships between people or departments
- Continually refer process requirements back to the business case, which must be flexible, and articulated clearly
- Decide acceptance criteria for the product or asset before the start of the programme
- Request the names of key representatives for the suppliers and prime users as early as possible in the life cycle of the project
- Appoint a 'social secretary' to co-ordinate events and meetings to sustain the project team's enthusiasm
- Demonstrate effective stakeholder management
- Have a policy of effective consultation, communication and continuity
- Make sure the client team has individuals with effective leadership skills

What should the supplier do differently?

- Ask pertinent questions about the project at the planning stage
- Where necessary assist the client in defining the business case and project requirements
- Have the right supplier representatives in the project team and form good relationships before the start of the project
- Use professional bodies as intermediaries where there are difficulties in relationships
- Be pro-active in sharing staff and resources
- Experience the end user's environment in the potential operation of the product or asset
- Find ways to shorten lines of communication between the supplier and the user by means of surveys, public focus panels or forums, internet links and integrate into project planning

What should the user do differently?

- Define their expectations of the project
- Nominate representatives for the project team who are empowered to make decisions on the user community's behalf
- Draw up a user's charter defining the rights and responsibilities of the user community in terms of the project delivery
- If there is a perceived lack of consultation or communication, users should lobby the project management early on, and establish when in the projects programme they should give input
- Request relevant documentation of processes and proposals
- Be acquainted with what a good product or asset should look like
- Request participation in a Gateway Review process where used

The play

The conference featured a specially written play, performed by professional actors, which was both entertaining and illuminating. It brought to people's minds the interaction between the client, the project manager and the end user, and the problems that can arise when there is insufficient consultation, communication and continuity.

It is 1587. Queen Elizabeth 1 (client) needs to build some fighting ships to battle with the Spanish Armada. The famous captain and privateer, Sir Francis Drake, is fresh back from the New World. The Queen tells him that she needs money to build ships and that he (user) must obtain it by plundering a few Spanish galleons. Elizabeth promises that the project will be managed whilst he is away.

Colin Shakespeare (project manager), distant cousin of the famous William, assures the Queen that he can build the ships that she requests (unsuitable design) but fails to establish a wholly satisfactory contractual agreement.

The Queen signs off the plans and Colin is halfway through building the ships when Sir Francis returns. Sir Francis is unhappy with the design and would like Colin to stop. Colin, however, has his specification and is loathe to change the scope of the project. He is eventually persuaded, but the delivery of the project on time will, of course, take a great deal more money than before.

The ships are delivered on time and after some discussion about whose fault it was that the project was mismanaged, everyone is happy – except Colin Shakespeare who has huge outstanding bills and unpaid staff.

Analysis

Defining the business case, understanding the strategy and challenging the client in a sensitive way is now part of the supplier's role in a major project programme, and depends on establishing good relationships from the beginning. A client may have a different perspective from a supplier, but both should be working to ensure that best practice is employed and the project programme leads to benefits realisation for all parties.

The client should be an integrator and stakeholder manager to ensure continuity, and should ensure that there is a clear decision-making structure in place. There should be a clear charter concerning the rights and sharing of responsibilities, and openness and trust in giving information for Gateway Reviews and performance monitoring from both client and supplier.

Projects may evolve, requiring flexibility in modifying shared objectives and handling users' expectations. Where innovation is required, project teams should have members who demonstrate a diversity of skills and experience.

Participating Organisations

AEA Technology Rail
Anglo American plc
Arup
Atkins
Atomic Weapons Establishment
BAE SYSTEMS, Submarines
Balfour Beatty Civil Engineering
Balfour Beatty Management
British Energy
CMS Cameron McKenna LLP
Cross London Rail Links
CSE International Ltd
Department for Transport
EC Harris LLP
EDF Energy
Ernst & Young LLP
Freshfields Bruckhaus Deringer
Henley Management College
Highways Agency
IBM Business Consulting
Institute of Child Health
Jacobs Babtie
KBR
KPMG LLP
Laing Rail
Lend Lease Projects
Major Projects Association
Manchester Business School
May Gurney Ltd
Ministry of Defence
Morgan Est plc
Mott MacDonald
Mouchel Parkman
National Grid plc
Office of Government Commerce
PA Consulting Group
Performance Link Ltd
Risk Solutions
Rolls-Royce plc
Scott Wilson Kirkpatrick & Co Ltd
Sir Robert McAlpine
South Bank Centre
Strategic Rail Authority
Taylor Woodrow Construction
The Nichols Group
Transport for London
Union Railways Ltd
University College London
WSP Group plc