

**A NEW APPROACH TO COST EFFECTIVE PROJECTS:
HIGH PERFORMANCE PROJECT TEAMS**

by

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Introduction

Why are some projects more successful than others? Is it simply that the reservoir characteristics, environmental conditions and product market price are better from one project to another? If so, can future projects rely solely on the chance of reservoir, conditions and price to drive economic viability?

In low oil price environment in which environmental conditions are more challenging, reservoir characteristics less favourable and political risk increasing, successful projects require high performance project teams.¹

Projects are successful because facilities met specification, completion was within schedule, cost was under budget and the project was profitable. All participants in a successful project bask in the glow of success. Successful project teams are characterised by severe pressure and a high degree of humour.² As one experienced project manager for an international oil company explained, "On a successful project something else is going on - you can feel it." Or as a Norwegian programme director put it, "There is something in the air. You notice it when you walk into the office of a successful project."

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High performance project teams exceed our expectation for success. High performance project teams embody dynamic recognition of holism. A holistic vision is derived from a deep appreciation of balance between internal mechanisms (procedures and policies) and fields of energy (relational patterns and systems). Balance has been described by academics and practitioners alike as the interaction

between linear and non-linear logic, between classic Newtonian physics and quantum mechanics, between adaptive and generative thinking, between precise adherence to plan and opportunistic variance, between informed decision making and intuition.^{3,4}

Holism is achieved as an output from the process of establishing the drivers and enablers for success on a project. Working through the process generates balance. The drivers and enablers for success are potentially in all projects. They are given birth during the unfolding of the operators development plans and contracting strategy. The main drivers for high performance project teams are purpose and performance goals, selection, common approach, commitment and accountability, and financial alignment.

Purpose and Performance Goals

First and the most important driver for success is the establishment of the project purpose and performance goals.⁵ The most successful projects and the most successful project teams fundamentally share and are totally committed to both the purpose and goals. This seems so obvious, but it is amazingly overlooked or thought so obvious as to not require careful and precise articulation. Clearly, the operator's leadership is vital in establishing the purpose in such terms that facilitate eventual identification and ultimate alignment of the future project team members. The purpose needs to provide both a vision of what is to be achieved and the broad parameters for defining success whether quantitative or qualitative. More galvanising purpose and performance goals both establish the target with a high degree of resolution and acknowledge the expectation that all committed participants have an opportunity to win as part of the successful team. The best purpose and performance goals begin to build a high challenge/high support environment.⁶

During the process of developing the purpose and performance goals the operator needs to build consensus within its own and partner organisations to this approach. While being time consuming, building consensus is a critical enabler for success. The process of developing the purpose and performance goals needs to be fairly well developed while leaving sufficient space for the selected project team members to participate and create detailed specific performance goals. This process can be integrated while aligning the selected project team members with the project purpose. I will return to performance goals when I speak about the driver of commitment and accountability.

Selection

The second key driver for creating high performance project teams is the selection process. Project teams can be created in three ways. They can be chosen by the operator. They can be self selected in consortium fashion by engineering groups, core suppliers, fabricators and installation contractors. Or they can combine elements of operator choice and self-selection. Whichever approach is taken to create the project team, there is a need for integration between the operator and the contractors. This integrated project team would replace the traditional operator's project team.

The composition and size of the team are important enablers. The process of achieving a clear understanding of the skills and support systems required and where they can be found is not to be underestimated. Additionally there is ample academic and practical experience to suggest that the optimum project team size is between five and ten members. Alignment with the purpose and goals is more likely to occur in teams of this size.⁷

The selection criteria must be biased towards the skill sets required to deliver the scope of work. The skills are both technical and behavioural. The skill bias

should permeate the project team to the extent that "the best person for the job" is the selection criteria.

Currently much is being written about team building. Myers, Briggs and Belbin psychometric testing can play a role in understanding the psychological makeup of project team members but it should be subordinate to the particular technical skills required for the project. However under "the best person for the job" selection criteria, predilection towards personal openness should weigh more heavily in favour of candidates equal in technical skills but unequal in terms of personal openness.

The better project teams have a higher level of operator integration in the team composition than poorer performing project teams. Operator integration is far less effective in the traditional model of "mirroring" the contractors project team. Full integration with contractors in a single project team is more likely to enable a successful project team. The highest level of integration can be achieved by the operator submitting to "best person for the job" selection criteria.

An additional enabler for successful projects is the stage of the project development at which the project team is formed. In other words, the stage of the project in which key participants - engineers, fabricators, suppliers, installers are actively and materially included as members of the project team has a direct bearing on the successful outcome of the project. This is even more critical in a low oil price environment.

While this presentation focuses on project teams, I will briefly mention the Project Manager. The selection of a successful Project Manager requires all the resources at our disposal. The most predominate criteria is track record and experience. But even among experienced Project Managers with impressive track records there

are certain clear distinctions that differentiate them. The very best Project Managers have acute listening and observing capabilities. These capabilities are honed as a result of previous experience. He or she encourages and seeks out challenging points of view. The best Project Managers are both visionary leaders and supportive followers. They establish very high standards for themselves and their team. They openly admit responsibility for mistakes and share the celebration for success with the team. They are decisive without being a dictator. The team members are loyal because of the Project Manager's integrity and his commitment to the projects purpose and performance goals. The best Project Managers are from all national cultures and are all shapes and sizes. They are exceptionally rare.

Common Approach

The third driver is the process of developing a common approach.⁸ A common approach flows from the purpose and performance goals through the selection process to embrace a wider, deeper consciousness of the whole.⁹ The whole is the sum of the project parts. The reservoir, production and transportation systems, the link with down stream, the needs of the partners, suppliers and contractors, and the requirements of institutions and governments will exert differing pressures during the course of the project.

Therefore interpreting and communicating the purpose and performance goals as an enabler for developing flexibility is a key component of the common approach. Flexibility does not imply a lack of discipline and adherence to plan but it describes a state of personal and team openness to information which the team filters and reconstitutes into ideas, energy and action to achieve the purpose and performance goals. A common approach must recognise the dynamic relationships between the individual project parts.

There are several clear enablers which assist the common approach driver. Firstly, structured team building exercises help develop openness as a behavioural norm. Openness as a quality of a participants behaviour can be expanded into developing the skill of conflict resolution. One Norwegian oil company was so committed to the softer issues of interpersonal skills and team effectiveness that it assigned a psychologist to be part of the project team to act as a "fly on the wall" observing team behaviour, constructively feeding back to the team and coaching individuals if requested. Their particular project was very successful. Secondly, the use of integrated relational database information systems combined with an open architecture technology base creates the next powerful enabler. Design and analytical packages, cost control and scheduling, logistics, tracking, document control and forecasting should be equally "best for the job" as was the selection criteria for project team members. Thirdly, the team's ability to stop and take stock of skill, data and resource gaps serves as an important enabler. The honesty to admit that there are gaps and the strength to fill them appropriately are important. Fourthly, the teams ability to create time to "look around the corner" to attempt to anticipate the unexpected changes or occurrences is a valuable enabler. Fifthly, learning is an important component of the common approach if we are to re-create high performance project teams. An enabler for project team learning is routinely setting aside time to collectively ask the team, "What have we learned?"¹⁰ A team member then volunteers to capture this learning in narrative, statistical and visual form.

Commitment and Accountability

The fourth driver for a high performance project team is commitment and accountability.¹¹ Commitment and accountability result from the process of achieving "buy-in" to the purpose and performance goals. "Buy-in" is achieved by empowering the participants to design interactively with the operator the detailed

performance goals to which they will hold themselves accountable both individually and collectively.

Commitment is all about delivering the expected outcome through the projects linkage of process. This can be described as each members vertical obligation for a scope of work with clearly defined and measurable deliverables. Commitment is also about horizontal obligation at a higher level to the project team. This can be characterised by constructive behaviour that looks through the individual needs to ask the simple question, "Is what is being proposed going to contribute to the success of the team meeting its purpose and performance goals?"

Financial Alignment

The fifth and final driver for high performance project teams is the alignment of the commercial risk and rewards with the purpose and performance goals. On the vertical plane the participant retains a level of financial risk/reward to deliver his vertical scope of work. On the horizontal level, the compensation to the non-operator participants has to include the opportunity to earn extraordinary profits and risk financial loss as well. Unlocking extraordinary profit can only result from creating extraordinary value for the operator and partners. The source of the extraordinary profit has to be either cost savings against plan or quantifiable revenue enhancements. However access to extraordinary profits can only be accomplished if the whole team achieves the project performance goals. One participant should not be able to do well in terms of extraordinary profit when the project fails to meet its performance goals. Finally, the operator and partners should share the benefits and risks with the project team. Alignment is thus achieved by all participants sharing in the upside and downside.

Conclusion

High performance project teams have existed, do exist and can exist in the future. I have identified five drivers and the supporting enablers that underpin high

performance project teams. In developing them I have attempted to focus on the process as well as the outcome. The process is like a field in which the seeds of balance can be sown so that we may harvest a rich crop at the end of the growing season. As farmers know the preparation of the land plays an enormous role in the outcome of the crop. Also farmers appreciate that no matter how well prepared and organised they might be, they are never truly in control. The best they can hope for is to understand the patterns of nature so that they may influence the outcome through diligent preparation and detailed attention during the growing season.

High performance project teams understand that the balance they seek is a paradox. It is this understanding that releases them to achieve greater degrees of holism and thereby exceed our expectation for success.

Footnotes

- 1 Katzenbach and Smith, p. 65.
- 2 Katzenbach and Smith, The Wisdom of Teams (Boston, 1993), p.37.
- 3 Wheatley, Leadership and the New Science (San Francisco, 1992), p. 41.
- 4 Senge, The Fifth Discipline (New York, 1990), p.14, p.366.
- 5 Katzenbach and Smith, p. 49.
- 6 Richardson, Soma consulting group (London, 1990), Interpersonal Skills Program.
- 7 Katzenbach and Smith, p. 45.
- 8 Katzenbach and Smith, p. 56.
- 9 Wheatley, p. 106.
- 10 Kanter, Brown & Root Sponsored Lecture (Aberdeen, Feb. 1994).
- 11 Katzenbach and Smith, p. 60.

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