

Pitfalls & Lessons in Major Infrastructure and recommendations to improve project management

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14 August 2018

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Introduction

- ▶ Good morning
- ▶ I a delighted to return to my home city, and the outside cooler temperature is a reminder of many a Canberra winter
- ▶ The organisers have asked me to speak at this conference, I understand, to provide personal insights and to reflect on why so many major projects fail to achieve their core objectives of
 - ▶ On time delivery
 - ▶ Within agreed budget
 - ▶ Meeting their stated purpose - at least initially so

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Introduction

- ▶ For the past three (sic) years I have represented Samsung C&T Corporation in three key pieces of major infrastructure in Sydney and currently part of 1 of 2 JV's bidding the Rozelle Interchange for the RMS (approx. \$3b)
 - ▶ extensions of the M4 motorway WestConnex 1b \$2.9b
 - ▶ extension of the M5 motorway WestConnex 2 \$4b
 - ▶ M4-M5 Link WestConnex 3a \$3.3b
- ▶ It is premature to reflect specifically on these projects, however today I will draw on multiple personal and business lessons of engagement in project management delivery, from cadet to General Manger, over the past 35 years.

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Introduction

- ▶ In his unique reflection I will aim to - you will be the judge - avoid the temptation to talk about
 - ▶ theories
 - ▶ computer programs
 - ▶ government dysfunctionality
 - ▶ corporate avarice
- ▶ All are salient topics - and there are better suited people at this Symposium to discuss them.

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Introduction

- ▶ “As I hurtled through space, one thought kept crossing my mind - every part of this rocket was supplied by the lowest bidder.”

John Glenn

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Introduction

- ▶ In a sense we can view Major Infrastructure as a reflection on ourselves - how we want to collectively function and cohabitate together.
- ▶ As Oscar Wilde, opined in his 1889 essay *The Decay of Lying*:
 - ▶ *"Life imitates Art far more than Art imitates Life". Wilde was expressing that the self-conscious aim of Life is to find expression, and that Art offers it certain beautiful forms through which it may realise that energy."*

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Lesson 1

- ▶ Never underestimate yourself and don't always do what your mate does.

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Lesson 2

- ▶ Learn to be yourself.
The grass is not always greener, and the professions rarely act professionally.

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Lesson 3

- ▶ Everyone is watching you and your network extends further than you could imagine

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Lesson 4

- ▶ All organisations have their challenges and never underestimate your opponent's potential dishonesty.

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Lesson 5

- ▶ We all need to learn to work together
- ideological differences are just that.

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Lesson 6

- ▶ The good times are never permanent:
the clouds of change are, though, a permanent
reality - get used to it.

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Lesson 7

- ▶ Everyone has a story - always take the time to appreciate a different perspective. Yours is only one of a number.

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Lesson 8

- ▶ Use the down time in your career to reflect on what right but what went wrong.

Build on a philosophical base - you'll need it as you won't always have the answers quickly
There is no substitute for experience

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Lesson 9

- ▶ It doesn't matter who or what you are treat people the way you would like to be treated and watch their attitude change.
Your parents were right !

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Lesson 10

- ▶ Never give up.

In every project environment the black clouds do turn into blue sky at some point - the lessons will be there for learning - but never to your timetable.

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Lesson 11

► Pick your partners well,
you need to work with them.

Bad partners bring bad fortune
- avoid family and their disputes.

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Lesson 12

► If you let others really know what you want then
be prepared for the consequences!

History almost invariably repeats itself.
Keep religion out of business.

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Lesson 13

- ▶ Priorities change and learn to change with them.

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Lesson 14

- ▶ Sometimes you just have to move on to refresh to management and leadership -

From a personal perspective it can be a great relief and open doors you always thought were hidden or permanently locked.

Giving back truly does cleanse the soul. Move on.

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Lesson 15

- ▶ If something is that critical to your success ensure either you do it or get someone you really trust.

Make a point of focus on how critical this is to the team.

No one is ever too senior to avoid these key conversations.

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Lesson 16

- ▶ Institutions and cultures were long established before you and will be around (mostly) long after you. They change slowly.

Check your own influence and progress from time to time - ensure your philosophical base continues to support your direction

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Lesson 17

- ▶ Business is war and unless there is a clear culture to the contrary you expose your company and project if you place too much reliance on a sole person, supply chain, or contractor.

You will get a fight if you go looking for one, if it is necessary at least control the timing.

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Lesson 18

- ▶ Understanding your environment is critical to your success as much as your ability to perform.

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Lesson 19

- ▶ Understand the downsides before launching into a final project bid.

Do we know what we don't know? That 'must win' project that has accumulated much positive political capital with the Board could actually sink the ship.

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Lesson 21

We need to be honest about what capability we require and what we lack.

We need to embrace discomfort. Some uncomfortable conversations now can save much pain later.

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Pitfalls

- ▶ Clients can be as bad as contractors.
- ▶ Inadequate planning rarely succeeds.
- ▶ Clients or contractors rarely take the time to ensure a strategic view on agreeing and achieving optimum value.
- ▶ Inadequate communication and insufficient understanding of the needs of both parties.
- ▶ The velocity of costs - when things go wrong they go wrong big time.

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Pitfalls

- ▶ Clients that force contractors to accept all risk i.e. totally unreasonable risk and reward compensation schemes will be held to account. They will need to counter claims, delays and be put under scrutiny.
- ▶ Misaligned risk and reward schemes will produce skewed outcomes.
- ▶ Pricing risk in a politically charged environment creates uncertainty.
- ▶ Well managed companies and clients still accept risk that is largely outside of their control - implicitly or overtly.
- ▶ Pricing long term strategic defense purchases when the technology and capability requirement change faster than the ability or certainty to procure requires broader cultural and political acceptance.

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Recommendations

- ▶ Invest in planning

Without proper planning contractors rarely get an insight into what key resources required and the potential risks (financial, client expectations and relationships, construction, community, media, political)

- ▶ Alignment between project, client & contractor

Clients need to understand the context of environment, politics, local communities, and social media and be willing to share risks. - especially the ones they have the most control over.

- ▶ Encourage governments to be real partners

Governments could manage their political risks by actively accepting those they have the most control and other key risks to reduce price and firm up delivery certainty by minimising disputes. If people see certainty and tangible results for their 'tax money' investments that greatly reduces political risks.

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Recommendations

- ▶ Diversity at Board level

Keep the risk representation at board level balanced - that's why diversity works like the returns on a balanced investment portfolio over time. Avoid too many engineers at the Board table - We are running a business that has projects and not the other way around.

- ▶ Boards making tough decision

A sanguine board needs to have the gumption to simply walk away from any project that has too much unmanageable risk, too much fog in the answers or too many potential political *denotators*.

Good leaders *actively listen* to their team

Thank you

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