

Setting the Objectives and Understanding the Client's Business.

The MPA 19th Annual Conference held at Latimer House Conference Centre, Latimer, Buckinghamshire on 27–28 September 2001

MPA events are confidential, although this summary has been compiled so as not to breach confidentiality. Full proceedings and entry to MPA events are available only to members.

Participants

More than 60 participants attended the seminar and the following organizations were represented:

AEA Technology Rail, Argent Group Plc, BAA Plc, BAE SYSTEMS PLC, Balfour Beatty Major Projects, Bovis Lend Lease Consulting, British Energy, Confederation of Construction Clients, CSE International Ltd, Defence Procurement Agency, Department of Trade and Industry, Electronic Data Systems, Freshfields Bruckhaus Deringer, George Corderoy & Co, Halcrow Group Plc, Herbert Smith, High-Point Rendel Plc, Integrated Systems and Strategies, Kellogg Brown & Root, Laing, Lockheed Martin UKIS, MACE Ltd, Mott MacDonald Group, Ove Arup & Partners, PricewaterhouseCoopers, Rail Link Engineering, Railtrack, Rolls-Royce Plc, Scott Wilson Kirkpatrick, Sir Robert McAlpine Ltd, Strategic Rail Authority, Thames Water, University of Bristol, WSP Group

Understanding the client's business is not necessarily easy for the contractor and the supply chain—surprisingly, it is sometimes just as difficult for the client.

No organization, whether client or contractor, should embark on a major project without understanding how the project fits into the client's wider business. And the business case for the project must be clear and robust, as much of the uncertainty generated in projects arises from conflicting views or lack of agreement on objectives, leading to uncertainty and indecision. Remember too that many clients are not good at explaining their business and even those who really know their business find it difficult to articulate it. Yet another problem is understanding the psychology of the client organization and its internal fiefdoms.

Aligning business objectives

- Align the business objective(s) for the project. To do that, the client must understand his responsibilities and the providers must understand their customer's needs, wants and willingness to pay because these are a primary source of risk. Effort applied to understanding them can turn the risk into an opportunity for both parties.
- If the client is new to major projects and uncertain how the project relates to his wider business, then it is up to the provider to make sure that he does. Enlisting the help of advisers or consultants may be necessary. Such help is valuable even to the experienced project client; to the one-off client, it may make the difference between project success and project disaster.

Project initiation/progress workshops throughout project life

- Hold a longer-than-traditional project initiation meeting, with teams representing the client, the engineer or technical people, contractor or constructor and major suppliers (if known) after award and establish a culture of openness and trust.
- Such a meeting has to be wide-ranging. It should deliver a clear statement of the business objective to ensure understanding throughout the supply chain. Its first product is the project mission, vision and purpose and the second the business drivers and value proposition. Thirdly it must produce a short specification, perhaps only a paragraph, of the new facility or system or whatever the product of the project is to be.

An email survey of MPA members on client/supply team relations

Response rate: 52 per cent

Respondents:

Clients, client project managers, developers or facility managers 31 per cent

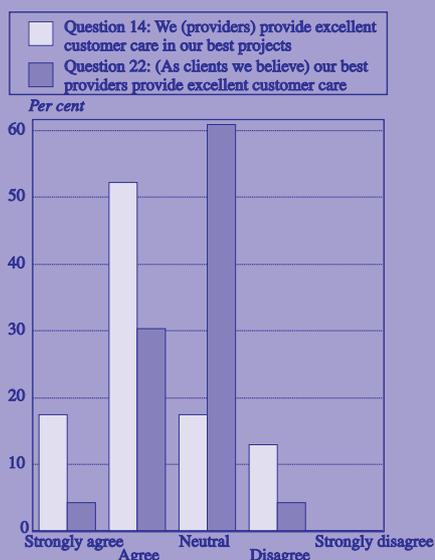
First-tier constructors 26 per cent

Advisers or procurers 26 per cent

Survey covered: perceptions of the respondents as clients and providers

Questions were grouped in pairs to see if there was a perception gap in relation to seven areas: client needs, cooperation, problem resolution, efficiency, customer care, deadlines and payment

Findings: small to moderate perception gap in most areas but there is a strong perception gap for customer care, deadlines and getting paid.



- The project initiation workshop should also cover aspects such as stakeholder analysis, risk analysis, commercial strategies, funding and financial management, organization and interfaces, roles and responsibilities, team-building and behaviour, and any other critical issues, in particular, any constraints.
- Hold regular workshops with the client and down to at least tier-one suppliers to maintain focus on project objectives as parties join and leave the project. For the serial project client these workshops could identify benchmarks for future projects, so that performance is monitored and opportunities for improvement found.

Stakeholder analysis

- Stakeholders are all the individuals and groups of people whose good opinions are needed for the project to proceed through its life cycle smoothly, on time and within budget. Identifying the stakeholders and their requirements can be accomplished by the use of a stakeholder requirements matrix.
- Before designing the project work up solutions options and prepare a cost revenue and time model.

Design of the project

- The design of the project must capture the needs of the client and the needs of *all* the other stakeholders. Care must be taken to make sure that this is the case.
- The more complex the project the more time should be spent in reviewing the design at all stages. Be aware of the value of independent assessors, especially in complex projects.

Integrating the supply chain

- For experienced serial project clients new technology has made it possible to integrate and assemble a quality supply chain to optimize value, quality, service, level of delivery and sustainable performance.

To move forward and to make progress, we must achieve clarity on projects: clarity about our objectives and clarity about the client's business.

BAA supply-chain simplification

Before supply-chain simplification

Original suppliers: 26,000

Purchasing processes: 23

Number of buyers: 4,400

Cost of individual transaction: £92

After supply-chain simplification

Software used: Oracle enterprise resource planning system

Suppliers: 1,500

Procurement routes: 4 through comprehensive web catalogue

Cost of individual transaction: £16