

MPA IN ACTION

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This New Year's issue of MPA in Action features four pieces on leadership – a topic crucial to the conduct of major projects. We report on the MPA meeting where TV newsman Jon Snow, gave us his thoughts on what makes world leaders tick, and on the speech at the MPA Annual Dinner by Admiral Lord Boyce GCB OBE DL on Nelson as a project leader. Our interview is with our Chairman Sir Robert Walmsley – a man well fitted to comment on the differences and similarities between military and business leadership. And Marshall Young of Templeton College discusses the perennial question: are leaders born or made?



Jon Snow: What Makes a Great Leader

At a MPA discussion lunch in December Jon Snow told us what he really thought of the leaders he has interviewed in his long career as a journalist. Idi Amin he found a repellent mixture of charm, humour, animal cunning and violence. Margaret Thatcher was nothing like as confident to begin with as she appeared. Her combination of iron

conviction and slick presentation lifted her into the world class, but her eventual domination of those around her led to too many defections from her team. Far more savvy than he let on, Ronald Reagan demonstrated that academic 'cred' is by no means necessary to be a great leader. Gorbachev, said Snow, came across as charming, accessible and persuasive and will be looked back upon as an exceptional leader – a real transformer of the world in which he found himself. And the greatest leader? Nelson Mandela, according to Snow. After decades in prison, Mandela inspired and led a massive but peaceful revolution. And he had the moral vision to forgive his persecutors whose regime he had supplanted.

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Forthcoming Events

A New Generation of Nuclear Power Stations: Are We Ready?
28 February, Institution of Civil Engineers

MPA decided months ago to devote a whole day seminar to how the major projects sector should respond if the call came to design and build a new generation of nuclear power plants. Tony Blair has now put the proposition firmly on the agenda. This seminar will deal with our readiness to respond and with the technical, managerial, financial and resource challenges it will present. We shall not rehearse the arguments for and against new nuclear power. Let others decide that. Our job will be to deliver if - and when - the call comes. All MPA members with interests in this area are urged to attend this very important seminar.

Managing Change in Projects – A Debate. 22 March at 4 Hamilton Place, London

MPA seminars have a habit of unlocking new doors on old problems, and this seminar should be no exception. It will debate the motion: 'The only way to stop scope changes causing cost and time overruns on major projects is not to have any'. This proposition will no doubt have its supporters. Others, however, will argue that project promoters are entitled to change their minds about what they need and expect good value for money even when they do. A further, widely held view is that we could reduce this problem if only project designers got it right the first time. So do come along, stir your views into the debate and play a part in developing a fresh and intelligent approach to this perennial problem.

Sir Robert Walmsley KCB: Leadership Matters

It is no surprise that MPA Chairman and retired Vice Admiral Sir Robert Walmsley KCB ranks leadership as one of the most essential skills for project success.

As a senior Royal Navy officer and now as a captain of industry, it is second nature to this former submariner. He believes that when it



comes to major, long-term projects, you should manage and motivate without interfering, take a lead role in cost and risk management and be a top rate communicator.

Sir Robert points out that the military does the leadership aspect rather well and that if the private sector followed the example, it could help to avoid ‘failures’ that occur but are never as publicly vilified as a defence project that goes adrift.

“Defence projects are probably no worse than any others, but it is taxpayers’ money so when a project runs into trouble it properly makes headlines. In the private sector, it is kept hidden because to publicise it would damage shareholders’ interests. It is a totally different social dynamic.”

His service career ranges from project manager for a nuclear submarine refit at Chatham through to Director of Operational Requirements for the Navy and Director General Submarines. As a civilian, he was appointed the first Chief Executive of the Defence Procurement Agency and now serves as a Non-Executive Director with British Energy and US defence suppliers General Dynamics and the EDO Corporation.

In Sir Robert’s view – based on experience of persuading the MoD to part with money in the face of competing projects – you start to build your case by answering three basic questions. Is it necessary? Could anything else do it more cost-effectively? Can you say what it will cost, what it will do and when it will be delivered?

New Members

Amey employs around 7,500 people at more than 150 locations across the United Kingdom and Ireland with a turnover of over £1.2 billion and is a leading provider of support services in the UK. From transportation to education, defence and health, they work with major organisations in the public and private sectors. Amey provides fully integrated infrastructure solutions for Local Governments, the Highways Agency, the Scottish Executive and Network Rail. Amey is also responsible for delivering 67% of Tube Lines in London Underground. Amey is now part of Ferrovial, the Spanish based company which is one of the world’s leading infrastructure groups.

BAE Air Systems employs over 10,000 people engaged in the design, development, manufacture and support of Military Aircraft. The product range includes the Nimrod MRA4, The Eurofighter Typhoon, The Joint Strike Fighter (JSF) and the Hawk training aircraft. Air Systems programmes are very much in the highly complex/high cost arena and as such the company operates a highly professional project management organisation which always seeks to improve its competence.

New Members continued on back page

Marshall Young: Are Leaders Born or

‘Born’ leaders’ are a distinctive type. Many lose their fathers when young (almost two-thirds of British political leaders, one study found) or experience conflicting parental responses (maternal affection and paternal rejection or the reverse). Psychologists speculate this breeds an internal tension driving them to achieve. They tend to have advanced language and communication skills and be natural risk-takers and gamblers. Seeing themselves as special from an early age, they confront as equals those already in power and assume – often with instinctive and surprising accuracy – that others will build their lives around them. But such leaders often fail to cultivate vital diversity and dissent.

There is the seductive but wrongheaded notion that once you attain a position of power, all you need do is say the word, pull a lever, and action follows. Change in the complex networks of today’s large

multinational organisations simply does not happen like that. Increasingly the challenge is about pushing leadership down the organisation. This means challenging and encouraging the tiers underneath – getting them to connect with strategy, adopt new values and take on a leadership role.

People learn how to become leaders being exposed to leadership – and also by doing. This means identifying role models in the organisation or bringing in change agents from outside. And it is a matter, always, of the road not the atlas. There has to be a real integration of learning with practice through action and group learning. To really understand concepts executives have to experience them. This also means putting in place structures that will support leadership development over extended periods of time.

At a personal level, leaders hone their judgement by continually leveraging

“Major defence projects last many years and break new ground because they involve new technology. You are talking about buying something that doesn’t exist and trying to communicate uncertainty is a skill.”

“You also need flexibility, recognising that in any long running programme, a specification is liable to change because new ideas and circumstances will come along. You need to cost based on the understanding of the risk. And if you don’t know much about it, spend more to understand it.”

He has firm opinions, too, on risk assessment and management, pointing to the MoD where every project has a risk manager and a risk register. Without strong leadership from the top, however, this could result in a ‘parallel universe’ where the discipline of risk management operates separately from the hurly-

burly of project management – something he believes is symptomatic of quite a lot of British industry.

Then there are the people upon whom successful delivery will rest – the project team. “I find it intriguing that inside the MoD, people accept they cannot use money as a motivational tool. Rather, they understand that recognition by your superiors and peers is one of the most powerful motivational tools available.”

Sir Robert is committed to the aims of the MPA in improving the management of major projects and is impressed by the work of the association.

“I have been delighted by the quality of the seminars and lectures and I enjoy the opportunities for networking,” he said. “It’s terrific!

Made?

their own and others’ experience by disciplined, searching reflection. This can happen in two ways: firstly, consulting the wider experience base captured in published material, whether empirical and analytic or more aesthetic and descriptive; secondly, experiential testing – exploring situations, either real or simulated, to discover the strength and weaknesses of their reactions. This builds on what good leaders grasp instinctively: that dialogue and interaction in a diverse group is a vital way to develop practical judgement.

This implies leadership development is less about injecting technical knowledge than freeing up space and allowing new connections to be made. The aim is to leverage existing experience to best effect. If you are senior, you already enjoy by definition substantial success. Leadership development can best help such executives by getting them to stand back and reflect on prior

experience in relation to their current challenges.

So, leadership can be enhanced and encouraged. Organisationally, leadership needs to be diffused throughout the pyramid to be truly effective. Cognitively, this can be achieved by guided reflection on personal leadership styles and experience. But leadership development will always be individually challenging and potentially threatening and demands close personal guidance and support. Investing in leadership development takes not just money: it takes time and top management involvement. That is very difficult in today’s highly pressured business world where we all increasingly chase our own tails. But, if doggedly pursued, the difference counts.

[Marshall Young is Fellow in Strategic Leadership at Templeton College, Oxford](#)

Recent Events

That Nelson Touch

MPA’s **AGM and Annual Dinner** at the Savoy in November was a very happy gathering of members and guests. Admiral Lord Boyce GCB OBE DL, formerly Chief of the Defence Staff, gave the speech - a fascinating and penetrating analysis of Lord Nelson seen as a project leader. Nelson’s firmness, his skill in delegating to his captains and his concern for the welfare of the individual sailor were all vividly evoked, resonating with powerful implications for the role of the modern business leader.

Change Management

Our final seminar of 2005 focused on the management of projects whose aim is to bring about business change. Chaired by the driving force behind the application of sound project management to public sector change projects, Sir Peter Gershon, it featured case studies that ranged from the merger of HM Customs and Excise with the Inland Revenue to workplace transformation in the Ministry of Defence headquarters and the massive change projects undertaken by Network Rail since they ceased to be Railtrack. The merger of Jacobs and Babbie was also discussed – a case about which MPA members had mixed feelings as it is not always good news when two membership subscriptions suddenly become one! That said, the lessons from the day were powerful as ever and highly relevant to all projects, ‘hard’ or ‘soft’.

How to make better use of Academic input

On 2 February a large group of members heard from Professor Peter Landshoff and his colleagues from Cambridge University how to develop more purposeful ways for MPA members to use academic resources. They talked about how Cambridge University had worked with MIT to develop new business based university/industry programmes. The second part of this half day seminar was a practical workshop session in which members explored how to match their needs with the capabilities of academia.

Department for Transport (see article)

Taylor-DeJongh is a specialist merchant banking firm based in Washington DC, with representatives in London, which provides creative and objective capital solutions to its energy, oil and gas, metals and mining and infrastructure clients. TDJ has a track record of over 25 years and has closed transactions in more than 102 countries. The key services that Taylor-DeJongh provides are project and structured finance (covering project development and feasibility, project financial structuring and execution); asset acquisition and divestiture and private placements. Since 1994, the company has advised on over \$70 billion worth of energy, industrial and infrastructure financings.

Founded in London in 1926, **Pell Frischmann** is a leading multi-disciplinary consulting organisation with over 1,000 staff across 20 offices worldwide. They provide technical consulting, design, engineering and project management services across all sectors of the built environment including buildings, railways, highways, bridges, traffic, ports, airports, telecommunications, power, water, environment, land development and regeneration. Notable recent UK projects include the Home Office Headquarters building in Central London, seven Private Finance Initiative (PFI) school projects (as investors and designers), the A1 Darrington-Dishforth DBFO motorway, as well as long-term commissions with the Highways Agency, Transport for London, Network Rail, English Partnerships, United Utilities, South West Water, Thames Water and numerous local authorities.

Shadbolt & Co is an international commercial law firm with bases in London, Reigate and Paris. Practice areas include: Aviation; Construction and Engineering and Major Projects. They work with clients to help develop and co-ordinate contract documentation to ensure the necessary links are in place. They provide advice on the structuring and negotiation of project contracts and work closely with financial and other advisers on projects to give a rounded service. Typical clients include developers, designers, project managers, contractors and consultants working on projects such as infrastructure projects, airports, highways and transportation schemes, oil and gas process or power schemes as well as many PFI/PPP schemes.



Corporate Member Profile: Department for Transport

The Department for Transport may be new to MPA, but Graham Dalton (*see last issue*), its major project director, has been active in MPA for 10 years and knows a thing or two about the major project world.

The Department for Transport delivers a relatively small number of projects, but they are high-value and often very innovative. The development of PFI for public transport (as in the LUL PPP and CTRL) has seen it, for instance, at the leading edge of project specification, appraisal and procurement.

Remarkably, it only has about 30 people working in this area. However, between them they bring to bear considerable experience and expertise 'We know how government invests,' says Graham, 'how the decision-making process works and how to retain a strategic or client view of what a project does.' Generally, the Department sets policy and acts as customer or sponsor of major projects. 'We are generally more interested in the "what do I get" than the "how",' says Graham.

Affordability, then, is a big issue. Capital costs have shot ahead of inflation. Also, improving existing networks - often the only option - costs a lot more than starting from scratch.

Highway projects are delivered by the Highways Agency, while private sector development is the rule in airports. Rail projects, however, are now managed directly - a major change.

So how is the new arrangement bedding down? 'Very well,' says Graham. We have been in operation for six months, and to most in the industry the transition has been seamless. Initial successes include three new operating franchises and creating development land at Stratford for the 2012 Olympics.'

'However, policy issues continue to centre around affordability,' says Graham. 'Cost efficiency and cost certainty are essential before we can commit to new large projects.'

'That said, we will be working on the Thameslink programme, when the decision on TWA powers is reached later this year. We have agreed terms with LUL and Metronet for the second phase of underground ticket halls at Kings Cross, and with Network Rail for a new main line station concourse. We have also just begun to specify and procure a replacement fleet for the diesel high speed trains.'

Tailpiece: The Shape of Projects to Come

The Major Projects Association is 25 years old this year, and the Board is busy making plans to celebrate this anniversary, details of which will be announced in the next issue of MPA in Action. However we feel this should not be an entirely retrospective celebration. We would like to hear from any member who would like to speculate and share their views on what the world of major projects - and the role of MPA - will be like in 25 years time ...