



GOVERNANCE AND MAJOR INFRASTRUCTURE PROJECTS

The benefits of an alliance approach: interview with John Parker

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Thank you, Mr. Parker, for the time devoted to our exchanges and the valuable information shared with interest and passion.

Sincerely,



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The benefits of an alliance approach: interview with John Parker

John Parker, a retired Australian project management consultant, visited KHEOPS in August 2018.

ABOUT JOHN PARKER

Mr. Parker oversaw various major projects with the British Petroleum Company, commonly known as BP, and through this experience in infrastructure construction management he learned many lessons, which he shared with us during an interview. We'll take a look back at one of the most important achievements of his career: the Queensland Clean Fuels project in Australia, carried out from 1997 to 2000.

Having trained as an engineer at English Electric, John Parker was involved in control management, taking on numerous assignments in manufacturing and construction companies, and as a contractor, particularly in the petrochemical industry in Australia.

In the mid-1990s, BP invited him to become the control manager at its Queensland site. The BP-owned oil refinery in Queensland needed an injection of capital, being in a dilapidated state after 25 years of existence, and also because it was struggling to survive in a tight business environment.

THE QUEENSLAND CLEAN FUELS PROJECT

The distinctive feature of this project was not its scale but rather a change in approach -- a break with traditional methods of governing infrastructure projects. BP had opened up to the idea of participatory, engaging and communicative management methods. This innovative management approach proved to be a resounding success, and

Mr. Parker wanted to share it and disseminate it widely.

ALLIANCE MANAGEMENT, A REAL PARADIGM SHIFT

To take on the task of expending the refinery to produce new products, BP had selected six major business partners based not only on their experience but also their enthusiasm for the project. BP was seeking not just partners, but team members who would have a stake in the success of the new construction. Throughout the project, the partners worked as a team, with no traditional hierarchy and just one common goal: the success of the project. This success was also supported by incentives and rewards.

This form of governance represented a clean break from traditional managerial methods for partnership projects. It was what BP was looking for and it suited Mr. Parker's personality perfectly. Despite having worked his way up in a highly hierarchical corporate culture, he had always questioned the conventional thinking.

ALLIANCING-STYLE MANAGEMENT IN A FEW WORDS

In mainstream schools of thought, a project manager speaks to partners, contractors and employees individually and tells them: *This is what we want, What do you want to do? How do you want to do it? And how much of the risk*

can you assume? Risks and rewards are shared imputably.

TIME, A VITAL RESOURCE IN MANAGING PROJECTS

At that time, the concept of alliancing was springing up here and there around the world. BP applied this successful model before in the North Sea, which became a distinctive capability. Their new mantra became "No business as usual." The company brought in New York consultants to help change behaviors, mindsets and even language, all of which took time.

However, Mr. Parker viewed time as a resource, not a constraint. To make good use of it, BP first ensured that all studies would be done in advance, and then maintained close communication with the partners in the 18 months prior to starting the work. During this period, there was very little discussion of financial issues before the development of the risk-reward model.

Gradually, BP achieved a paradigm shift, adopting a new organizational philosophy. Usually, companies give partners and employees the responsibility to deliver the project, but not the authority to do so. Authority is associated with expenses, hiring and compensation of contractors. Moving away from this traditional way of thinking, BP instead chose to work in alliance with its partners. Everyone's ideas were welcomed and then analyzed in a strategic process that could not have been done

independently. It meant taking the time to ascertain and capitalize on the best assets of the partners and the various project teams. Under this new organizational philosophy, time possessed an immeasurable value. Time became a strategy in itself. And in Mr. Parker's view, this is one of the keys to success, without which many companies undermine their own projects.

In addition, since the work is really done by a team, one person's mistake is everyone's mistake. Everyone must behave transparently and agree to open their books. Once again, BP took the time to assess everyone's ability to manage risk based on their situation and expertise. It is worth mentioning that no contractual claims occur after the completion of the project.

Alliancing is still challenging and the risk of failure is still there. But in the case of BP, the project turned out to be a success, yielding numerous benefits. It

was completed ahead of schedule and on budget. It was also awarded the *Construction project of the year*.

Currently, Mr. Parker is writing a book with the aim of sharing and disseminating his positive experiences in major infrastructure project governance. He remains convinced that important lessons can be learned from a project like BP's in Queensland. Shared authority, minimal hierarchy and a diversity of thinkers leading the way are just a few of the elements that, in this case, enabled time and cost overruns to be reduced.



John Parker

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