One City: Two Stadiums

Lessons Learned in Megaprojects

How is it that two major projects, just a few miles apart in the same city, could result in such different outcomes? And what lessons can we learn for other megaprojects? David Archer and Alex Cameron, experts in organisational and change management across the PM space, discuss the issues raised by the comparative success and failure of the Olympic and Wembley Stadiums.

On Friday 27th June 2012 Danny Boyle signalled the start of the Olympics opening ceremony. The world hailed a great British success story, and several thousand engineers and project managers let out a collective sigh of relief. One widely quoted spectator spoke for many when he said *"It's just such a relief to know that we can get something right after all."*[1] However the warm glow that surrounded the organisations that were involved in the Olympic park and stadium construction was in stark contrast to the reputational impact of the last sporting stadium construction project in the UK. For many years the 'grim and ghastly' saga of plans to rebuild Wembley Stadium made all the wrong sort of headlines and eventually led to one of the world's largest and most complex set of legal cases in a construction court. The legal costs of the many cases and counter cases ended up - in the words of the judge Mr Justice Jackson - *"far exceeding the sums which are seriously in dispute between the parties"*.[2]

Conflict is Inevitable - It's the Combat that is Optional

Almost from the outset, relationships between the parties involved in the Wembley project developed along adversarial/confrontational lines. By 2004 (more than two years before the stadium was due to open) Multiplex and Cleveland Bridge were engaged in litigation and, once in court, things went from bad to worse. The judge criticised both parties for having *"thrown away opportunities to settle this litigation upon favourable terms"*. He also noted in passing that the costs of the case included a staggering £1M photocopying bill for over 550 ring binders worth of documentary evidence…a waste of money in anyone's language!

Conflict is likely in any complex project. Wembley and the Olympic Park weren't alone in having many parties involved in the contract plus a client working
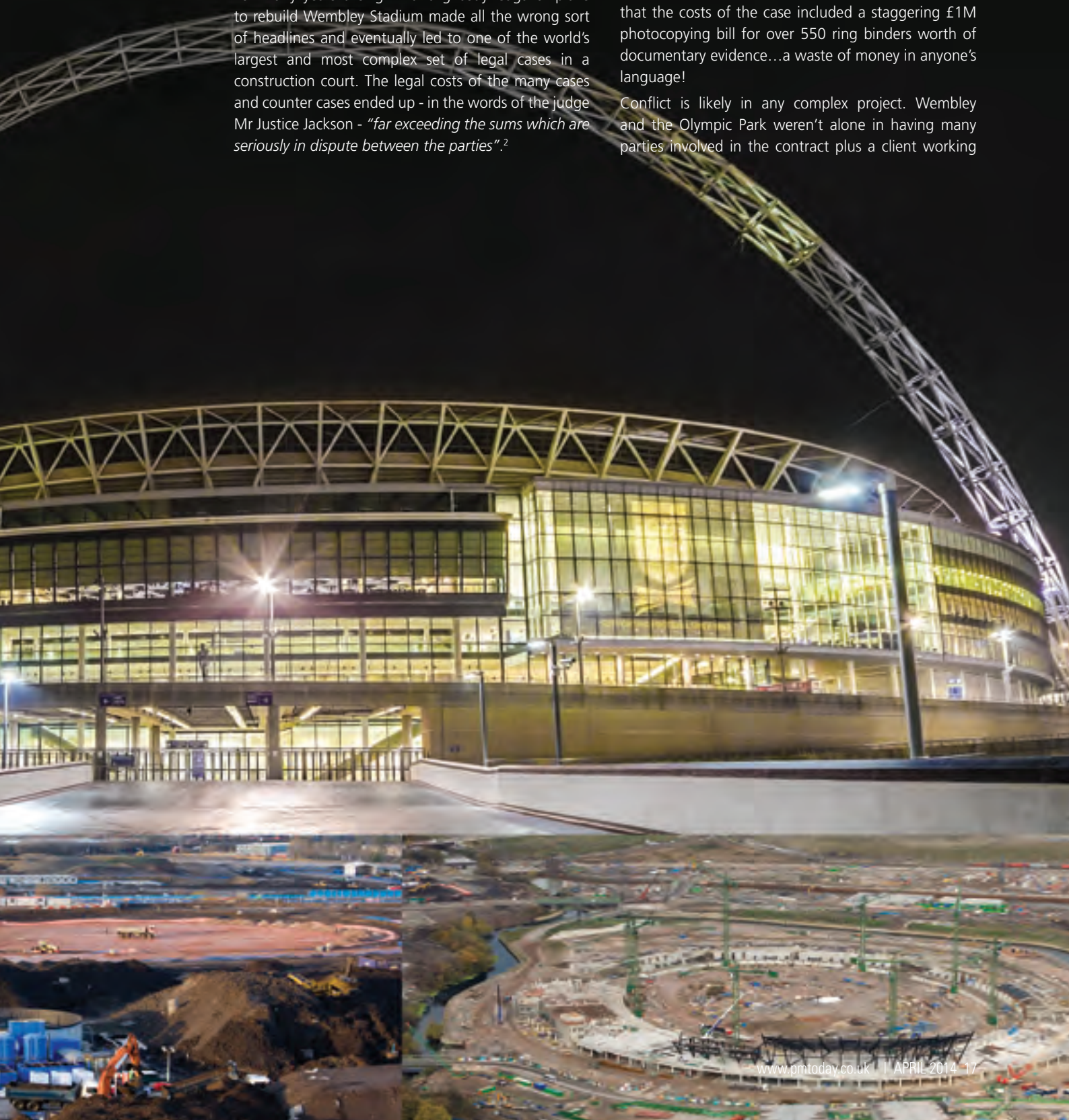
in a highly charged political environment. Changes to specifications and design options will almost inevitably lead to some conflicting objectives as different parties react to what this means for their own plans and priorities. The difference lies in how this conflict is handled. On the overall project management contract for the Olympic Park, for example, there were more than 50,000 supply-chain 'compensation events' that could have led to dispute - but only one of these issues went to formal adjudication.[3] Clearly, the example of individuals and organisations working together at Stratford was very different to that at Wembley.

Having organisations that are willing to collaborate is key, which is why now in some mega-procurements clients will ask for (and try to assess) collaboration as part of the selection process. But clearly this is not a simple task. Firstly it is important to know what is meant by the term. Collaboration is not the same as team working. In a typical team people have common incentives, often a shared history and a long term loyalty to each other. In a multi-party project collaboration the environment is very different. Here, people and organisations with very different cultures and skill-sets come together to achieve a one-off goal. For much of the time they will and should work quite independently on their own areas of expertise, but at key points in the process the different components have to work together (physically, organisationally or financially) and at these points of interdependence the ability to collaborate is essential.

Three Underpinning Foundations of Collaboration

In working on and analysing dozens of collaborative projects down the years we have come to see three broad foundations that underpin successful projects. As an analogy, think of a 3-legged stool. With all three legs in place it's a structure which is stable on rough terrain. But take away any one leg and it falls over with the slightest nudge. The three legs of the stool are:

COLLABORATION

Operations

Governance   **Behaviours**

Governance: The formal ways in which the overarching purpose of the collaborative relationship is agreed, objectives are set, accountabilities are defined and joint decisions are made. But a relationship built solely on strong contracts and formal governance is often inflexible and slow to respond. People stick to the letter of the contract – there are often penalties in place if they don't and so they are unwilling to put themselves out to help their partners. That means that new opportunities can be missed – or that the competition gets there first. A focus on playing by the letter of the contracts also encourages game playing.

Operations: The process through which business is interacted between the parties, resources are allocated, progress is measured, and information/learning is shared. A relationship built on slick processes and operations can be adaptable – especially if the feedback and improvement processes are strong. But a pure focus on process can produce a project which isn't good at dealing with more strategic change. Leaders in such projects find it difficult when they need to shift direction - and perhaps throw away some of their own dearly held systems and processes to benefit the greater good of the project.

Behaviours: The way in which leaders at all levels in different organisations act with each other to solve problems, work across different cultures and set standards for their teams. The ultimate aim is to build the trust necessary to allow the parties in the collaboration to work independently where possible. However, this takes more than the right behaviours. The collaboration is only sustainable if the other two legs of the stool are in place as well. Whilst people may start off with the best intentions to work closely with their partners, nonetheless contracts and incentives drive behaviours and if these are wrong then the tensions will build up over time. If the governance and operational foundations aren't there to fall back on then a project build on shared behaviours can feel remarkably hollow.

Choose Your Partners Wisely

From the start of the 2012 procurement process the ODA understood the importance of building collaborative relationships with and within its supply chain. This started with the selection process. They used assessment centres to evaluate the ability of their potential delivery partners to work collaboratively with the client, but also to create a culture of collaboration across the whole project delivery environment. This type of assessment is increasingly common in the procurement phase of many megaprojects, but it can be seen as rather superficial one-off exercise in a lengthy, numbers driven procurement. One of the lessons from the Olympic park is that the client

"Collaboration is not the same as team working. In a typical team people have common incentives, often a shared history and a long term loyalty to each other. In a multi-party project collaboration the environment is very different."

[1] Quoted in *Making the Games – what government can learn from London 2012* – Institute for Government
[2] Lessons from the Wembley litigation, David Thomas QC - Construction Law International Vol 4 Mar 2009
[3] Quoted in ODA The Learning legacy – APM Project Special Supplement - 2012

Nine Tests of the Health of a Collaborative Project Relationship

1. **Clarity of purpose.** Does each party believe that they are working to aligned project goals and is the aim of relationship clear to all?

2. **Quality of decision making.** Are the decision making processes clear to all and are the right people involved at the right time?

3. **Clarity of accountabilities.** Does everyone understand who is accountable for what?

4. **Alignment of systems and processes.** Is the performance data transparent – available to all and supported by clear and consistent incentives?

5. **Effective communications.** Are meetings and communications focused on the right issues and are all parties kept informed in a timely manner?

6. **Capability improvement.** Are the right skills deployed in the right places and at the right time across the project and are all parties investing to develop necessary future capability?

7. **Role modelling.** Do leaders at all levels 'walk the walk' and are they seen to work effectively together for the good of the whole project?

8. **Cross-cultural awareness.** Do people understand the differences in organisational culture and are they willing to adapt their ways of working to suit others?

9. **Joint problem solving.** Do people work together to solve performance problems and to come to the best decisions for the benefit of all?

Used with permission from chapter 4 of: *Collaborative Leadership – building relationships, handling conflict, sharing control*
By David Archer & Alex Cameron: Pub Routledge 2013

has to keep signalling the expectations they have of their partners, anticipating the areas of conflict and measuring the health of the relationship. And that measurement needs to ask more than just 'are we still friends?' It needs to measure indicators of performance across all 3 foundations of Governance, Operations and Behaviours. The box '**Nine tests of the health of a collaborative project relationship**' gives a framework for this type of assessment.

So, when it comes to delivering a complex multi-party project, understanding what you mean by terms like 'mutual trust and co-operation' must be a key concern from the outset. It's easy to think that when things start to go off-track you can turn to a legally enforceable contract to pressure your partners into doing what you require, but the contrasting lessons from London's two great stadium construction projects show that going down that path simply makes money for lawyers. It follows that project managers need to remember that learning how to collaborate effectively is not an optional extra or a moral choice – in many cases it's a business necessity.

About the authors

David Archer & Alex Cameron – Directors of Socia Ltd and authors of "Collaborative Leadership; building relationships, handling conflict, sharing control" (Routledge, March 2013) – have spent the last 12 years working with leaders whose role it is to deliver results across organisational boundaries.