

PROJECTS, PASSION AND PERFORMANCE

When Richard Fellows asked me to speak at this Conference, I confess that I was reluctant to do so. I was concerned not only because of the time required to put together a speech to such a distinguished audience but also that the topic can be subjective and has the potential to easily offend.

However, on balance the thought of coming back to Shanghai and China, the opportunity to reflect and pass onto others some of the things I have learnt working on construction projects over 40 years and the increasing size, complexity and value of the multi-national projects we are working on, made the opportunity difficult to resist.

I thought long and hard over the title of my speech and in the end decided Projects, Passion and People encapsulated my thoughts. Without each of these elements working harmoniously together none of the projects I have worked on would have been successful.

In this paper and my speech today, I will cover the following topics:

- my culture
- international investment
- international labour force
- project failures, client satisfaction, contractual disputes
- culture, style and language
- time and travel, and end with some
- recommendations

My Culture

Over thousands of years humans have worked together generally face to face. By “face to face” I mean they can shake hands. It was not until the last twenty years that this changed and it became practical to work together on a daily basis across the world.

I had the perceived advantage to have been born in Britain. By world standards I came from a wealthy country. I was however, brought up in an impoverished family that believed in values such as, hard work brought rewards, British nationalism, sceptism of the establishment and tendency to xenophobia. I am pleased to say that I have been fortunate to have spent 50% of my life living and working outside of Britain

How am I doing so far? I expect I could have potentially offended or upset

- a) the British
- b) All people not born in Britain
- c) Reinforced some stereotypes
- d) Suggested a class system exists

I started this way not to be deliberately provocative but to bring to the fore that in working on multi-national and global projects we must recognise that each of us will bring to the project very different cultural and business experiences. To be a successful member on such projects we must recognise, overcome and celebrate these differences, working collaboratively together for the benefit of the project.

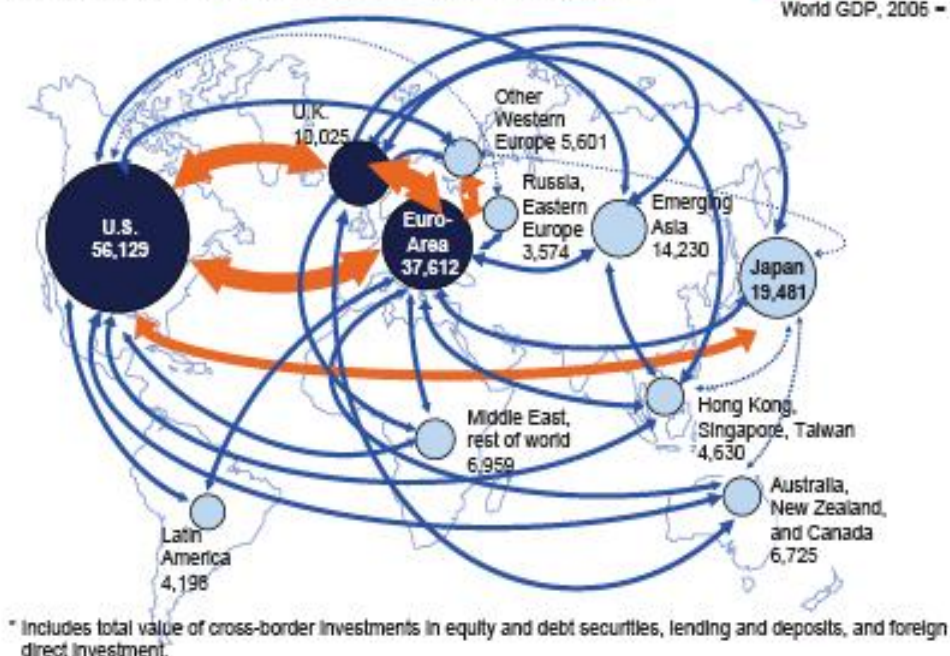
International Projects

It is perhaps worthwhile spending a short time looking at why we now have multi national construction and property projects and the dimension of their impact.

Investment

THE GLOBAL WEB OF CROSS-BORDER INVESTMENTS, 2006

Lines show total value of cross-border investments between regions*
Figures in bubbles show size of total domestic financial assets, \$ billion



Source: McKinsey Global Institute Cross-Border Investments Database

As you can see from the chart of Cross Border Investments, every region of the world is receiving and making investments in other regions. Using the figures shown **up to 25%** of the world's GDP is in cross border investments.

Collaboratory for Research on Global Projects at Stanford University

If we look at Stanford University's Global Projects Real News for September 2008 which is part of their Collaboratory for Research on Global Projects, we see listed over a 10 day period in September 2008 some 20 news stories of initiatives and projects classified as global projects eg.,

22 Sep 2008: LNG investments to hit US\$19.6bn, JVs include Chevron, Gazprom, Eni - Venezuela

22 Sep 2008: Limitless unveils exclusive World Island Resort 14km off Dubai's coastline

22 Sep 2008: Malaysia's Lion in \$9.8-bn Vietnam steel mill JV

21 Sep 2008: Essar Steel Invests \$1.65B In Minnesota Plant

19 Sep 2008: Chinese Miner Invests USD2 bn in Zambia

17 Sep 2008: EU offers \$21bn support to tackle Russia in Nigeria

13 Sep 2008: \$25bn project underway in Tunisia

A review of the entire list of projects covers every part of the world including Latin America, Asia, USA, India, Africa, China, Middle East and Europe.

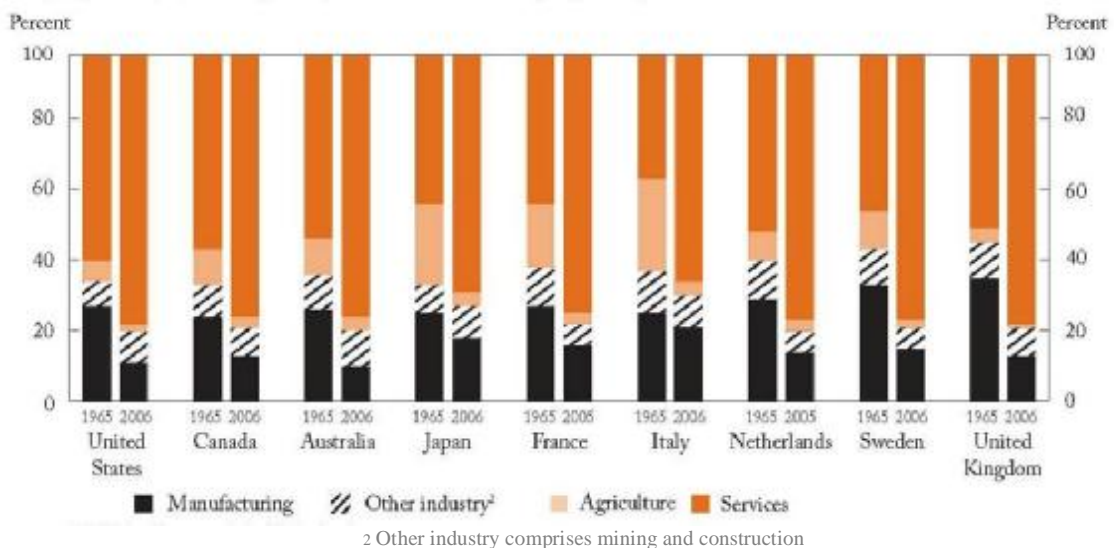
If we look at Macquarie Bank's Property Outlook – August 2005 we see the following comments:

“For investors, the race is on to find the best property investment opportunities the world has to offer. During all stages of the property cycle, diversifying into international property by an Australian property investment portfolio can significantly increase returns and decrease risk. The case for global diversification over the long term is strong. Our models show that in a boom, a bust, or even in similar conditions, an investor with global real estate assets would have significant improvements in risk adjusted returns overall. Globally, the increasing attractiveness of property and greater capital mobility has made cross-border investing more necessary.”

Labour Force

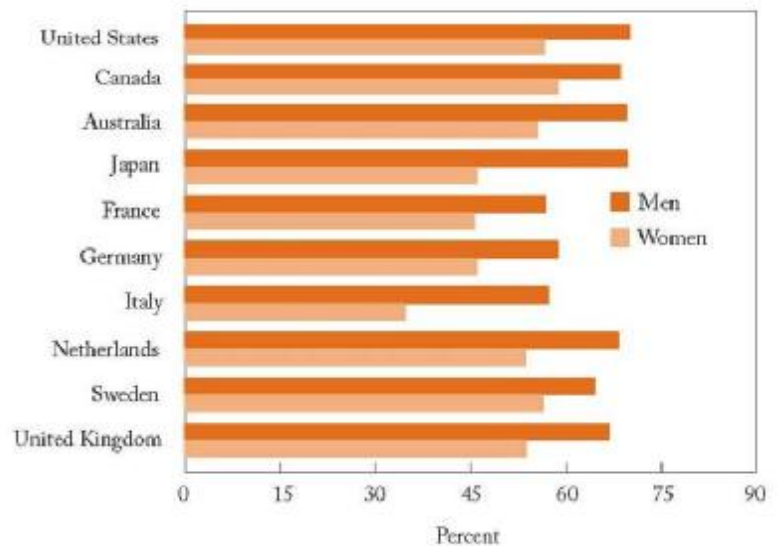
For many years, the Bureau of Labour Statistics (BLS) in the USA has regularly prepared international comparisons of labour force statistics that are used to assess relative economic performance across countries. The most recent year data available is 2006. The US concept of “industry” includes employment in manufacturing, mining and construction. For the charts showing employment by sector, “industry” is disaggregated into two categories: “manufacturing” and “other industry”, with the latter category constituting the sum of employment in mining and construction. Employment in mining and construction is approximately 10% and the trends show little change over time.

Employment, by sector, as a percent of total employment 1965 and 2006

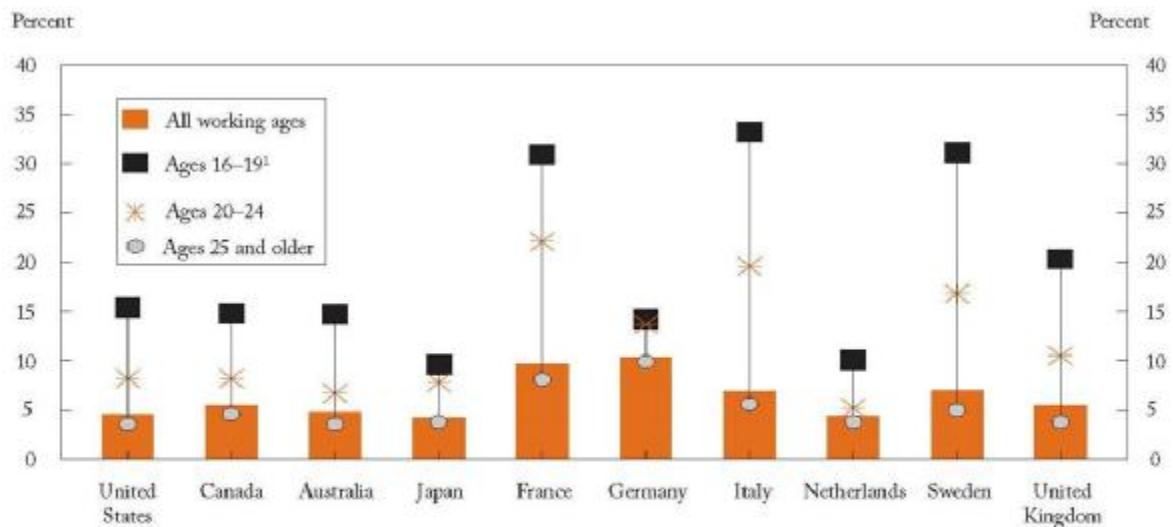


Employment population ratios by sex 2006

- In the majority of countries, the employment-population ratio for men was at least 65 percent. France, Italy, and Germany had the lowest proportion of the male working-age population employed.
- Italy had the lowest employment-population ratio for women, with slightly more than one-third of the female working-age population employed.



Unemployment rates for youths 2006



¹ Ages 15-19 for Australia, Japan, Germany, Italy, and the Netherlands.

- Unemployment rates for teenagers and 20- to 24-year olds were higher than the rates for their adult counterparts in all countries.

What we see from the above is that approximately 10% of the world's labour force is employed in the "other industry" category being mining and construction. If we then look at the World Bank statistics for GDP and world population, we see as at September 2008, a world population of 6,612 billion and world GDP of \$US54,347,038. Studies in the UK by the Office of National Statistics indicate that the construction industry accounts for 8% of UK GDP. An inaccurate generalisation I know but if we say 8-10% of the world population and GDP numbers are involved in the construction industry, a small improvement in the time and cost of all the projects we work on, will have enormous effect on global employment and GDP.

Project Failures

Many of the reasons for success and failure of projects are similar whether local or international. I do not intend to deal with issues that I regard as good management whatever the size, type and location of the project but only these matters which are more relevant to multi national projects. What we do know is that such projects are generally more complex and that the likelihood of failure is higher than for single country/national projects.

Client Satisfaction

A survey of customer satisfaction (Latham 1994) compared a number of attributes of buildings compared to a car.

Comparison of Construction Projects with those of the Motor Car

	Modern buildings			Motor Car
	Domestic	Commercial	Industrial	
Value for money	5	3	4	4
Pleasing to look at	4	3	3	4
Largely free from defects	3	1	2	5
Timely deliver	4	4	4	4
Fit for purpose	4	2	3	5
Guarantee	4	1	1	5
Reasonable running costs	4	2	3	4
Durability	3	2	2	4
Customer delight	3	2	2	5

(5 = good; 1 = poor)

(source: Latham, 1994)

Compare just two criteria, defects and guarantees to understand the need for significant improvement in our industry. Further studies in the UK such as Egan (1998) suggested that a re thinking of the way in which the industry is organized and managed and its cultural and trade practices are essential. I am pleased to say in Australia that we have moved some way towards this with the better contractors adopting a zero defects, zero injuries and carbon neutral objective. Much more is to be done on the other criteria shown above.

Contractual Disputes

Other speakers will deal with contractual disputes and there avoidance however my summary of the main reasons for disputes are:

1. Client requirements or briefs being incomplete or misunderstood by the Design Team.
2. Failure to provide information of a quality to the Contractor to enable him to fulfill (1) above.
3. Inappropriate procurement and contractual arrangements.
4. Contractors who are over optimistic of their abilities and who enter contractual arrangements that are impossible for them to fulfill

We have all heard many times before that all clients want is their project to be built on time to an agreed price and to the quality and functionality of their brief. Today they are also concerned with whole of life costs, the projects life cycle, obsolescence and sustainability.

One of the reasons noted above for contractual disputes is the selection of an inappropriate form of procurement where the risks and rewards are not equitably arranged and often placed in the hands of those least likely to be able to control them. The choice of the procurement method is often based on limited knowledge of other methods, vested interests, a misguided belief that all risks should be passed on and that one method fits all. If the choice of procurement method was straightforward, there would not be so many methods in existence. This in itself suggests that none is suitable for all types of projects.

Having given some context to my views, I will now move on to discuss in more detail some specific items.

Culture and Style

Whilst one of the other speakers is dealing with Culture, I cannot ignore it in any discussion on project difficulties. I have found the influential Dutch author and scholar Geert Hofstede's work on "Cultures Consequences" to provide a framework to better understand cultural differences. I will deal only briefly here with these differences to provide a guide to what multi-national project teams need to understand. Hofstede's studies demonstrate that there are national and regional culture groupings that affect the behaviours of societies and organisations and these are very persistent across time. Hofstede developed a framework of five dimensions for assessing culture.

Hofstede's Cultural Framework

TYPE	CULTURE	EXAMPLES (average tendency)
Small vs large power distance	Acceptance that power is distributed unequally	New Zealand vs Malaysia
Individualism vs collectivism	Acceptance that people prefer and are expected to act as individuals instead of members of groups	Brazil vs Australia
Masculinity vs femininity Quantity vs quality of life	The degree to which masculine values prevail over feminine values (as understood in Western cultures)	Japan vs Thailand
Uncertainty avoidance	Discomfort with risk and ambiguity The preference of people in a country for structured rather than unstructured situations.	USA vs Hong Kong
Long vs short term value	The values people hold that emphasize the future as opposed to short term values focusing on the past and present.	UK vs China

Having worked in all the countries listed, I can recognise how some of these tendencies apply. However it is important to distinguish the difference between averages or tendencies and characteristics of individuals. Country stereotyping should never be interpreted as deterministic of attitudes that will be displayed by individuals.

An overriding difficulty within teams in international dealings is not understanding cultural differences which leads to:

- assuming that the ways of one's own culture are the only ways of doing things, parochialism
- assuming that the ways of one's culture are the best ways of doing things, ethnocentrism

Language Barriers

To me this is the most difficult and critical of barriers we need to overcome. I will illustrate this by two real examples:

Scenario 1

Project – Residential project in Vietnam

Clients – Joint Venture between Dutch financier and Vietnamese developer (female)

Architect – Australian

Architect – presents Concept 1

Clients – Dutch, very happy, Vietnamese not “building not beautiful”

Architect presents – Concept 2, same result “building not beautiful”

Architect presents – Concept 3, same result building “not beautiful”

Dutch and Vietnamese – client frustrated and annoyed

Architect – angry, competence being challenged

Solution – ask Vietnamese client to define “beautiful”

Answer – beautiful means “cheap to build and high rents”!

Scenario 2

Australia – collapse of wall on building site

Client and contractors senior management – perplexed, how could this happen?

Contractor's head office checks QA forms – all procedures correct and ticked off as being QA compliant

Site visit by Client, Contractors, QA Manager, Safety Inspectors etc

Cause – on-site QA administrator had learnt how to complete forms, could speak but not read English

The Tower of Babel

If you had not realised all of us involved in buildings have a language problem that has its genesis dating back thousands of years resulting from the construction of “The Tower of Babel”.

The Tower of Babel was a structure featured in the Book of Genesis, an enormous tower intended as the crowning achievement of the city of Babilu, the Akkadian name for Babylon. According to the biblical account, Babel was a city that united humanity, all speaking a single language and migrating from the east. It was the home city of the great king Nimrod, and the first city to be built after the Great Flood. The people decided their city should have a tower so immense that it would have "its top in the heavens. However, the Tower of Babel was not built for the worship and praise of God, but was dedicated to the glory of man, with a motive

of making a 'name' for the builders - Genesis 11:4. God seeing what the people were doing confused their languages and scattered the people throughout the earth.

If you accept this account then a mastery of different languages is essential as a manager of multi national projects.

Dialects in large countries create problems in communication with people of the same nationality. Therefore it is obvious that the problem of communication increases exponentially as we add more nationalities into a project.

An illustration of cultural differences among people commences with their education in general. Asian cultures regard education as formal, and teachers are to be highly respected. Asian cultures believe that asking questions and class discussions are disrespectful. This can be challenging to these teams who encourage volunteering answers, or participation.

Virtually all Westerners presume competence of all other people in standard English.

In addition to differences in pronunciation, vocabulary and grammatical structures among cultural groups, variations also exist in the rules for conversations. In communicating with one another, we all naturally follow the assumptions and rules governing conversation within our respective cultures. Rules which govern such conversation include:

- Opening or closing
- Taking turns
- Interrupting
- Using silence
- Knowing appropriate topics
- Interjecting humour at appropriate times;
- Using nonverbal behaviour;
- Expressing laughter
- Knowing the appropriate amount of speech to be used

Unfamiliarity with cultural communication differences can lead easily to misinterpretation, misunderstanding and even unintentional insult. For example, a person who shows little reserve in stating feelings may be misperceived as hostile. Whereas the speaker may see himself as an honest person willing to share feelings as a necessary first step in resolving problems.

Similarly, a person who looks away from speakers during conversation may be erroneously perceived as showing disrespect or not paying attention. A person who freely states their position may be perceived as challenging authority of senior members of the team when the speaker may be demonstrating honesty and pride in the value of their opinion.

Lost In Translation

A phrase we have heard a lot in recent years was "lost in translation". This phrase and the film with the same title, captures what happens when people communicate across the language barrier and it all goes horribly wrong.

Language training continues to be an expanding industry worth billions of dollars. The UN, EU and multi national businesses spend large amounts on the costs of interpreters and translators. Businesses wishing to tap foreign markets spend millions each year translating their documents and marketing materials. Translation gadgets are now common. As long as

people from different countries continue to speak different languages, this need will not lessen.

Learning a new language is a complex thing. Most people give up learning.

Miscommunication made in speech is perhaps the more forgivable of blunders. When speaking a foreign language you will never know it like a local - so how are you supposed to know the slang and all the nuances that come with any language?

The following are three examples of many that one can find on Google attributed to George W Bush, of people getting it wrong in a foreign country:

- President George W. Bush mispronounced the name of the Spanish Prime Minister, Jose Maria Aznar, calling him "Ansar" which is the Spanish for "goose".
- On another occasion he went one better than calling Greeks "Grecians" by calling Pakistanis, "Pakis" in front of Pakistan's President Musharraf.
- In Australia he announced that it gave him great pride to be opening the OPEC rather than the APEC conference.

Although these may give us some amusement, if we are to be successful on the international stage we must be able to communicate well in foreign languages.

Technology

The internet, interoperability and communication all facilitate more complex and international projects. No where today is too far to seek a commercial benefit by a global operation.

Different countries, companies and organisation obviously employ a variety of incompatible technologies. I will not be talking about these different technologies but about some of the strategies we adopt to overcome these differences. Suffice to say, our fundamental position is that we see technology as a support tool to business decisions and project management not the leader.

Time

One would expect that time zones make communication more difficult and create delays in getting issues resolved and obtaining information. We have found that by planning regular video or telephone hook-ups and by positioning the design teams in strategically beneficial time zones the opposite can sometimes occur with a seemingly "seamless 24 hour 7 day a week working".

Distance and travel time are perhaps the next most difficult problem to overcome. Whilst modern technology and particularly the use of video conferencing have helped there is still no substitute for face to face meetings.

Religion

Obviously a difficult subject to discuss dispassionately but what we do know is that religion is:

- a major element of culture
- can be a very visible aspect of culture
- often prescribes specific behavioural practices
- influences codes of ethics and moral behaviour
- influences conduct of economic matters

Whilst I am not qualified to nor is my topic specifically related to religion, here are some thoughts from others which resonate with me.

Things that will destroy man: politics without principle; pleasure without conscience; wealth without work; knowledge without character; business without morality; science without humanity; worship without sacrifice. (Gandhi)

The church is always trying to get other people to reform; it might not be a bad idea to reform itself a little by way of example. (Mark Twain)

When I told the people of Northern Ireland that I was an atheist, a woman in the audience stood up and said, “yes, but is it the God of the Catholics or the God of the Protestants in whom you don’t believe?” (Quentin Crisp)

People in religions are too busy doing their thing to even notice that God is doing His. (Martin Zender)

Recommendations for Successful Multi-National Project Management

Overall Strategy and Planning

- Do not plunge right into work – frustration and failure will follow.
- Prepare the conditions for success – plan and strategise.
- Recognise the challenges and magnitude of multi-national projects.
- Construction projects teams rarely spend time with soft issues such as team building; goal alignment and cultural alignment. On a multi-national project you need more time than ever – double the time you think.
- Concentration on soft issues and collaboration drives hard project time, cost and quality results. This must be prioritised with both time and facilitation paid for.
- Define the Client's purpose vision and scope of the project. Consider: feasibility, obsolescence, "whole of life", technological change, quality, politics, process change and improvement – example TATA – a world car, one that with few modifications can be manufactured and sold anywhere in the world.

Matters for Consideration

Control:

Three alternatives are often employed:

- single leader, central direction
- divide among team members and countries – loosely co-ordinate
- collaborative – central co-ordination and leadership. Tasks and work performed in a collaborative way by all participants.

- Collocation of the core multi-disciplined management team at the outset is essential and must be a pre-requisite of anybody being selected. In successful non-collated global teams, many more hours of work are required in soft issues than is ever devoted to co-located teams.

- A senior member of the client team to be integral with the collocated project team.

- The whole collocated team should set down and produce a simple "Collaboration Charter" which should be signed off in blood by all the key participants.

Roles and Responsibilities

Define roles and responsibilities of all project members.

Compare family trees with organisational charts.

Identify the team and resources required for each. How will resources be managed and new members introduced?

Consider selection/recruitment requirements -who, where and methods of selection.

- Gauge members strengths and weaknesses
- Make certain all cultural issues are discussed openly as to their effect on the project, not the right or wrong of the culture
- Burn out is an issue many times and this should be faced up to by being prepared to "refresh" key parts of the team on a continuous basis. This burn out is particularly relevant at the back end of the project.

Problems, Disputes and Issues

Identify potential issues and risks to success of the project and team. Consider – risk analysis and management, process, identification, tracking, resolution.

Dispute avoidance can be dealt with via incorporating in the Collaboration Charter a simple "ladder of dispute resolution" (i.e. disputes to be settled at local level; if this is not achieved within the prescribed timescale disputes to be handed to named next tier managers; if still unresolved to next level of management; thereafter to a named dispute resolution specialist).

Regular stand backs and updates on a minimum bi-monthly basis are vital.

Time must be allocated to define and agree a number of "collaborative tools" to be adopted on the project i.e. Single Project P I Insurance; painshare/gainshare incentives with design and construction team sharing value of savings; web based banking - Project Bank Accounts.

Communications

Develop a communication plan collaboratively. The plan will need to consider:

- what type of media/technology will be used
- who and how will the team communicate on work in progress, milestones, project risks, resources, general project issues.

There will be a greater need for thorough, timely documentation of everything, supported by graphs, charts, and other visuals to aid communication across language and culture barriers.

Considerable time must be allowed by the project leaders in becoming personally acquainted with the team's members, to learning about their national and organisational cultures, and to dealing proactively with their diverse and sometimes clashing expectations regarding accountability, conflict, authority, decision-making, feedback, deadlines, and more.

Establish a disciplined pattern of face-to-face and telephone meetings (or video) conferences. In my company we have global telephone link ups every fortnight of the senior management teams. However these are open forums and any staff member can join in.

Use of e-mail, facsimile, intranets and web based systems obviously is necessary, but these can never substitute for the relentless regular face-to-face and phone conferences involving the entire team

In comparison with face-to-face and phone communication, westerners using e-mails tend to be less polite and more rude, probably for two reasons; one lack of English writing skills and secondly low acknowledgement of the recipient's views. Result: Faster escalation of conflicts. Also, e-mail users are less aware of the other's prestige and experience, presumably because these don't show up on screen. Result: E-conversations and debates are more inclusive, less inhibited by age and rank. When we are involved in geographically dispersed, multicultural teams people, outside the West are not as enamoured of inclusiveness. They give far more respect to status and hierarchy. Our egalitarian tendencies can sometimes perplex and offend.

In some cultures there is a need for speed and a rapid response, however this collides with features of say Japanese culture. Firstly the Japanese are using a second language, and their language does not include the concept of "spontaneous." Japanese are correct and proper, expecting to carefully craft their responses. Second, Japanese recipients may need to develop consensus within their group before replying. Finally, for the Japanese, a written message

devoid of nonverbal, social, and other contextual information is an incomplete message. Without this context, it's often not enough to compel action.

E-protocols mitigate that problem by supplying guidelines for using web based systems, e-mail, faxes, voicemail, and other e-links. Each team should develop e-protocols at its first meeting and refine them at later meetings.

For example, "in terms of time-to-action, what does "urgent" mean to each of us"? I would consider that urgent should be restricted to those items necessary for a 24-hour turnaround time.

Culture

Some more words and phrases on cultural recommendations for multi-national teams.

Develop business to business trust

Adopt collaborative corporate mindset for all partners

Ensure the decision making process employed by all participants to be made compatible as far as possible.

Ensure business to business operational alignment from all parties concerned - is it clearly mapped out and supported by the processes proposed.

Internal alignment – Is each individual partner aligned internally for success?

How is senior executive support evidenced

What is the process for team problem solving

How do we identify mutual needs

What is the process for day to day negotiation

Develop approaches to work procedures and relationships that all members find practical and that no one finds intolerable.

Provide training in understanding cross-cultural variations, carefully discuss and plan continuous updates.

Concentrate on commonalities not differences.

Consider an external facilitator in the concept stages when cultural and organisational issues are being negotiated. Calculate cost of team delayed by one day and compare how much such a person will be worth.

Highlight the importance of **trust**. When it comes to making trust possible, face-to-face relationships have no equal. If you can't shake hands, you're not face-to-face.

Informal, spontaneous talk adds value. It not only builds and maintains trust (which motivates people to work collaboratively), but it also absorbs the shocks of conflicts and misunderstandings, and creates opportunities for mentoring, modelling, and monitoring. These advantages of close proximity decline rapidly as distance increases. As Winston Churchill said, "better jaw, jaw jaw than war, war, war".

Productive teams discuss relationship issues and emotions much more than unproductive ones. Productive teams are task oriented **and** relationship oriented. Unproductive teams are merely task oriented.

Conclusion

The most productive global teams and multi-national projects are those whose members enjoy working with each other so much that they want to do it again!

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