PMP SOLUTIONS: A CASE-STUDY OF USING A CULTURAL FRAMEWORK TO IMPROVE BUSINESS EFFICIENCY IN ASSET DELIVERY

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ABSTRACT

Kellogg Brown and Root Pty Ltd (KBR) and the South Australian Water Corporation (SA Water) implemented a cultural framework in a program management delivery organisation to improve business efficiency in asset delivery. Employee commitments were developed to encourage consistent performance among team members, and improve project and program results. Success is measured via confidential client and staff surveys, and organisation key performance indicator (KPI) results. The framework has promoted certainty of delivery outcomes and contributed to capital program savings of up to $20m in the first three years of the five year contract.

INTRODUCTION

PMP Solutions is a program management and procurement services delivery organisation for SA Water metropolitan capital works (between $100k and $40m per project). The overall program size is $550m, with an average of 200 ‘live’ projects to be managed simultaneously. It is a relationship-style contract with a joint team of employees from KBR and SA Water. The leadership team uses strategic project and program management methodologies (see Figure 1) to manage cost, schedules, quality and risk – and have also undertaken a range of cultural initiatives to improve certainty of outcomes.

These elements include a behavioural cultural framework intended to ensure the team continues to seek better ways to improve performance. This cultural framework supports consistency of outcomes from a diverse team that was newly formed in 2011 from a mix of local KBR and SA Water resources, plus a number of KBR staff from a similar business model in the UK.

Figure 1: Key strategic and cultural program features

DEVELOPING THE FRAMEWORK

The PMP Solutions vision is to be ‘recognised by SA Water, State Treasury, the Essential Services Commission of South Australia (ESCOSA) and national peer organisations as the benchmark in capital program delivery’. The PMP Solutions team was assembled in July 2011 with an absence of shared cultural norms, values, beliefs and work methods. A visible brand and cultural framework was therefore
developed to identify desired behaviours that would help PMP Solutions achieve the organisation vision and encourage consistent performance, continuous improvement and discretionary effort from staff.

The cultural framework was developed with input from a three-tier joint program management team with representatives from both KBR and SA Water, and all team members. Interviews and workshops were held to ascertain ‘what is important to PMP Solutions’. The resulting draft cultural framework (see Figure 2) included the following four employee commitments to:

1. continuous improvement
2. accountability
3. open communication
4. data integrity.

Figure 2: The original PMP Solutions cultural framework

A number of statements also support each commitment. An example of the statements supporting continuous improvement include: ‘we will learn from experience, seek out and respect different ideas’; and ‘we will challenge the status quo’. The cultural framework and statements were then modelled by the leadership team and The Culture Club (a cultural integration team established in Year 1 to promote, develop and maintain a team culture and identity). Further workshops were held with all staff to define each commitment, make it personal and show the relevance to improvement on PMP Solutions’ goals and results.

The cultural framework has continued to be reinforced and developed. A full day refresher course was held in 2014 to introduce new team members to the commitments, reflect on key themes from engagement survey results and reinforce good outcomes and behaviours associated with the existing commitments, and to add and discuss safety and risk management as new stand-alone topics. The presentations were developed and presented by employees and this engaged the audience and provided opportunities for skills development.

A series of staff and client surveys are undertaken on a periodic basis to assess the visibility and the impact of the cultural framework, and results are discussed below. Any actions required to reinforce the employee commitments are included as goals in a structured business improvement plan called the Continuous Improvement Roadmap.

CONTINUOUS IMPROVEMENT AND INNOVATION

The commitment to continuous improvement was further embedded by the development and implementation of the Continuous Improvement Roadmap (CIR) and an innovation capture process. The CIR is an agreed list of tasks and activities across the disciplines of Procurement; Project Controls (including Risk Management); Design; Construction, Completions and Commissioning; Stakeholder Engagement; Workplace Health and Safety (WHS) and Personnel/Culture.

Goals are split into weighted sub-goals (or tasks) and progress is monitored and measured monthly (see Table 1).

<table>
<thead>
<tr>
<th>Period</th>
<th>Goals</th>
<th>Achieved sub-goals</th>
<th>Total sub-goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>28</td>
<td>121</td>
<td>149*</td>
</tr>
<tr>
<td>2013/14</td>
<td>29</td>
<td>152</td>
<td>195*</td>
</tr>
</tbody>
</table>

*Roadmap goals and completion dates are set as stretch targets.
Each goal is likely to involve some baseline data and research, liaison with SA Water peers and department managers, development of material (draft clauses, training material, and proposals etc.), endorsement, implementation and review. These activities are considered sub-goals and they are weighted according to resource requirements and difficulty. Every goal and sub-goal has a target implementation date, and evidence of sub-goal achievement must be provided and available to the client auditors. The CIR goals are refreshed and reset on an annual basis. The procurement improvement goals are discussed as an example below.

The Procurement Manager proposed three goals in 2012/13. The three goals were divided into 14 sub-goals with weightings ranging from 10% to 50% for each sub-goal.

Year 2 Procurement goals:

1. Include a collaborative relationship contracting schedule within the new Construction Panel Request For Standing Offer (3 sub-goals)

2. Provide training for all project managers and support staff on new panel contract (7 sub-goals)

3. Co-develop a kit framework model where panel contractors use nominated SA Water suppliers (4 sub-goals).

The Procurement Manager completed 12 of these sub-goals within the year (see Figure 3).

Historically, the leadership team has been accountable for both goal creation and delivery. In 2014/15, a number of individual team members are responsible for the creation and completion of a large number of goals. For example, seven team members are delivering 12 goals for the Project Controls improvement area.

Outputs of the CIR have been adopted by the wider SA Water business. These include collaborative contracting, performance measurement of engineering service providers and risk and opportunity management. In addition to the CIR, all team members are encouraged to seek and apply better ways and continually innovate.
Innovation

An innovation strategy has been introduced to promote collaboration and empowerment in idea generation and implementation. The innovation definition acknowledged by the team is “an innovation is something different that has impact”.

Innovations range from small, local procedural changes to ideas that have a large impact on people, schedule, cost or reputation and can be transferred to other work groups.

Innovations are recorded, scored using a weighted matrix, acknowledged and implemented where possible by individuals and teams. It is hoped that this process will continue to instil commitment to continuous improvement across the whole team, and that many incremental ideas can help improve performance on the program.

Examples have included:

- asbestos information sessions on an SA Water site to allay concerns and potential delays relating to an asbestos removal project
- project-specific KPIs for a construction contractor to address key project risks (WHS, stakeholder engagement and environmental)
- suggesting that suppliers get chemical anchoring products tested for underwater application to prevent taking tanks offline
- an amendment to the SA Water technical standard on security resulting from stakeholder engagement feedback on the appearance of chain mesh fencing.

Business improvement and innovation have created efficiencies, generated savings on a project and program basis, and contributed to certainty of delivery results as demonstrated by organisation KPI results. Capital savings resulting from the CIR and innovation strategy have been conservatively estimated by the joint program management team at $12.9m and $4.5m respectively in the first three years of the program.

Successes, and opportunities for improvement, relating to the cultural framework are also identified using the results from employee and client surveys.

SURVEY RESULTS AND KPI OUTCOMES

Several confidential employee and client surveys undertaken over the past three years have assessed the visibility and impact of the four commitments (continuous improvement, accountability, open communication and data integrity). Ideally, all internal and external stakeholders will recognise these behaviours in their interactions with PMP Solutions team members.

Client surveys

In September 2013, a survey was completed by 59 client representatives (SA Water) on how the four commitments are demonstrated by the entire PMP Solutions team. The survey asked respondents to evaluate behaviour frequency, and the scores in Figure 4 are an aggregate of the five to ten questions asked about each commitment. The overall results were positive, with favourable outcomes that ranged from 57% for accountability to 76.3% for data integrity.

The survey was repeated in September 2014 and completed by a larger and more diverse group of respondents (74 individuals). A comparison of the changes to favourable and unfavourable aggregate scores for each behaviour are shown in Figure 4.

The results for individual statements on each topic and the open-ended responses helped shape content and messages for the 2014 cultural workshop and ongoing reinforcement of the framework. This information was also considered with the results of all-staff surveys.
Employee surveys

A recent all-staff survey, completed in August 2014 by 41 team members, asked if the leadership team demonstrated the four core employee commitments, and 65.7% agreed. Eighty-five percent of respondents agreed with the continuous improvement statement ‘I am encouraged to look for ways of improving what I do’. Results for all topics were good and generally saw a trend of increased favourable responses over the previous employee survey.

Client and employee survey results indicate the core employee commitments are still impacting business performance in a positive manner, and this is evident in the exceptional KPI results achieved by the organisation in Year 2 (98.1%) and Year 3 (96.9%).

CONCLUSION

The combination of strategic tools and a cultural framework has helped the PMP Solutions team to sustain consistent delivery performance across a diverse program, continue to find better ways to improve performance, and ultimately contribute to capital program savings for SA Water and its customers. Its impact is also confirmed by confidential survey results and organisation KPI results in 2012/13 and 2013/14.

As the PMP Solutions culture matures, feedback will continue to be solicited to verify that the core employee commitments are still relevant and evident to the client. Business improvement plans and innovation strategies can reinforce a cultural framework, as any refinements can be incorporated in future CIR goals. However, the four employee commitments also increase the likelihood of success of the same business improvement plans and innovation strategies.
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REFERENCES

Nil