

Driving high performance in Capital projects

Every project can come in ahead of schedule and under budget

Projects often leave a significant amount of value and time on the table because they are not set up to drive high performance. By moving away from tracking contractor delivery against a locked-in plan and instead, working proactively together every day, project outcomes improve in both the short- and long-term. This requires establishing a project culture which continuously improves schedule, readiness and productivity, minimises claims, reduces usage of contingency, and, ultimately, delivers a safer and more profitable project for all stakeholders. To achieve this, projects need a small Performance Delivery team charged with setting up and driving high performance across the entire project – a team that are hands-on and empowered to ensure success is delivered every day.

Performance delivery is often overlooked on construction projects, while too much focus is instead on reporting and commercial management

A Performance Delivery team expedites the project's critical path daily and maintains a laser focus on ensuring 100% readiness of all activities on or near the critical path. They are not responsible for managing the overall project – that is the role of the Project Director with their project management team and/or project management partner.

The Performance Delivery team sits within the Owner's team and is responsible for ensuring that the right systems, tools and processes are in place to drive consistent, safe, high project performance across and within all key contractors. They drive project performance by creating alignment between contractors and with the owner – shifting the focus of conversation from progress against contractual agreements to problem-solving to achieve high performance.

When all parties adopt this performance mindset, there is a fundamental shift in overall project delivery – teams work collaboratively to help each other because they understand that they all benefit from doing so. Projects are delivered ahead of time and under budget, with all parties being more successful and importantly more profitable.

Sounds like a pipe dream? It isn't. We see it happen every day through our work. Project performance is driven by dedicated resources who break down project silos and remove blockers to ensure all core work packages, and sub-contractors on their critical path, can meet and exceed their performance targets. This team works relentlessly to proactively drive project success today and every day across four key elements.

Key elements for driving project success



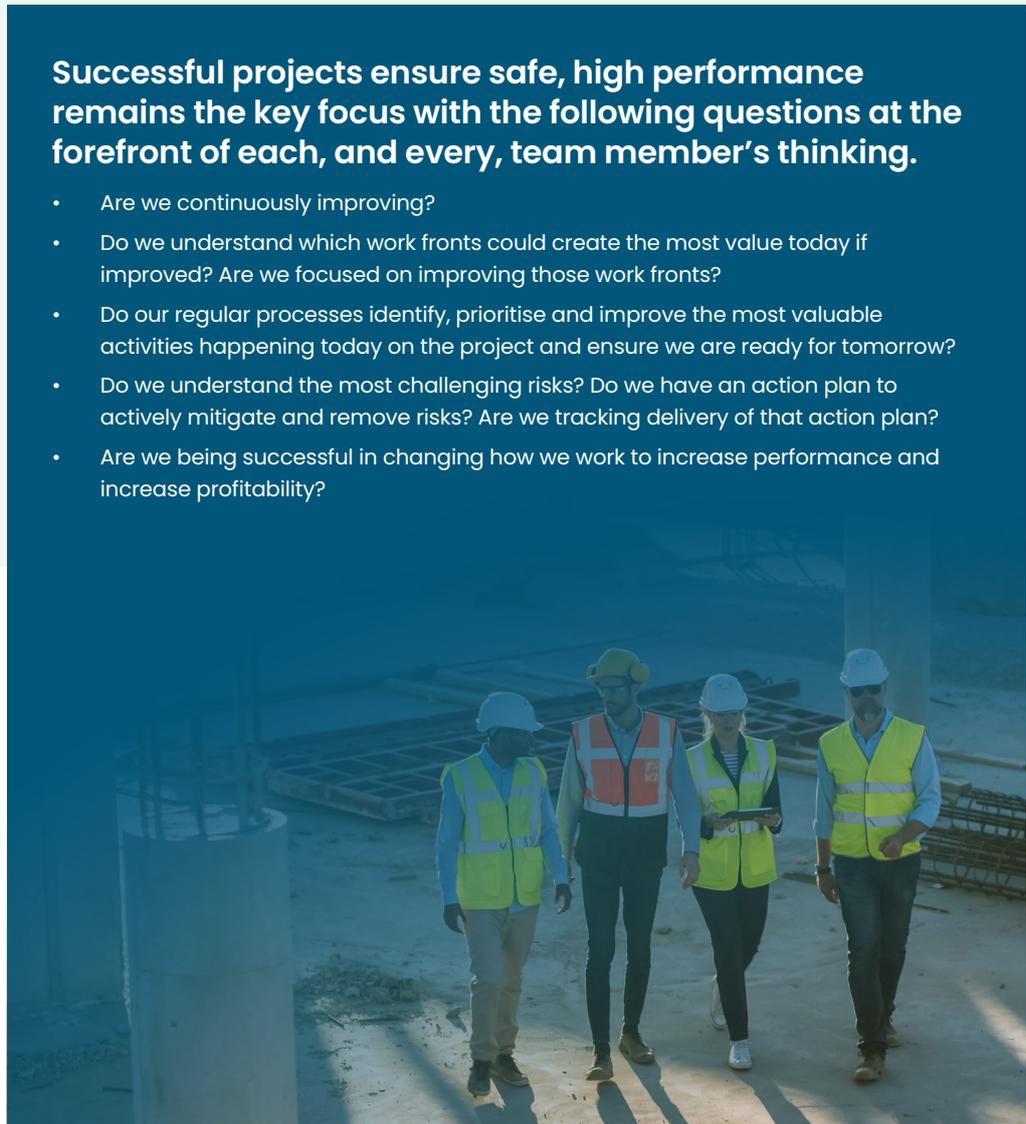
01 **Build a high-performance culture across the project – shifting focus from looking in the rear-view mirror and tracking progress and outcomes to looking forward to drive performance and inputs**

Most projects have controls in place to ensure contractors comply with their contract (tracking progress and reacting to non-compliance) – “did you do what you said you were going to do in your contract?” While it is important to track progress, projects are better served by engaging contractors and helping them to be successful by proactively managing for high performance – “how can we safely maximise the number of in-sequence, in-spec units each team produces per day, and how do we keep improving on that?”

Successful projects are dedicated to ‘holding the line’ on performance, while remaining flexible with what is built and how. They ensure project intent is clear and facilitate proactive collaboration amongst teams to modify processes when needed to optimise the budget and compress the schedule. All teams understand what success looks like and are aligned around its achievement.

Successful projects ensure safe, high performance remains the key focus with the following questions at the forefront of each, and every, team member’s thinking.

- Are we continuously improving?
- Do we understand which work fronts could create the most value today if improved? Are we focused on improving those work fronts?
- Do our regular processes identify, prioritise and improve the most valuable activities happening today on the project and ensure we are ready for tomorrow?
- Do we understand the most challenging risks? Do we have an action plan to actively mitigate and remove risks? Are we tracking delivery of that action plan?
- Are we being successful in changing how we work to increase performance and increase profitability?



02 Collaborate to lock-in an optimised, precise plan and construction process

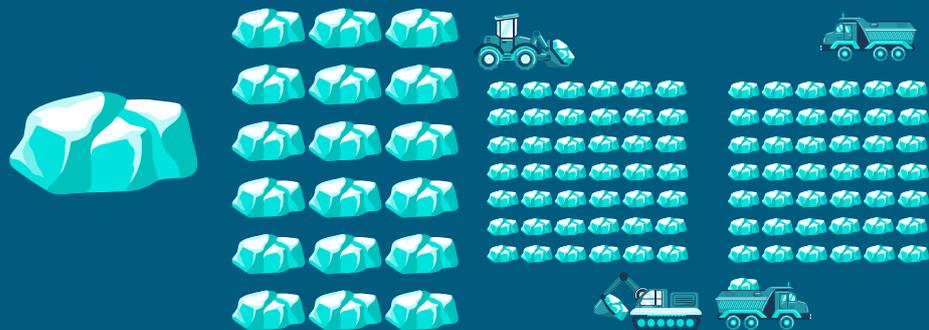
The Performance Delivery team works collaboratively with Owners, Project Directors and Contractors to create detailed, specific and optimised work plans. They then work with all parties daily to ensure they minimise waste and maximise value creation on site.

Performance targets should be discussed and agreed to upfront. Input and output KPIs are put in place for each work pack. KPIs are based on physical measures with demanding targets supported by clearly defined and detailed frontline processes, and clear assumptions of resources and equipment required. Daily and weekly reports and checklists are used to maintain a laser-focus on achieving daily rate and readiness across all key work fronts. Appropriate action plans should be driven to address and mitigate detailed execution risks before they hit.

To illustrate, we worked with a bulk earthworks contractor to set clear visual targets which rapidly improved their performance. This recovered a two-month delay and the contractor avoided paying \$2m per day in penalties.

Earthworks crews had been given a target to work in specific areas to achieve monthly milestones, however this was not particularly helpful to the frontline or the supervisor, as the target was hard to visualise and act on. We collaborated with engineers and frontline supervisors to break these macro-targets into movements required by area and by truck to establish tangible physical targets that were readily targeted and tracked by the frontline crews throughout each day.

Collaboration between project and frontline teams built alignment around driving high performance



Broad target

Explicit target

Remove blockers from interdependencies

Optimise cycle time to exceed targets

Raise earthworks dam by December

Move 4050m³ of earth every day

Ensure enough excavators on site so trucks do not queue

30-minute cycle time for 18 trucks with 14m³ loads

03 Make performance transparent through a forward-looking single source of truth

Reporting should track the most important input KPIs daily – with a focus on the most critical activities. Reporting should highlight emerging issues and predict future issues based on proven productivity. Visual boards should include a clear and live list of prioritised performance improvements being actions and their status.

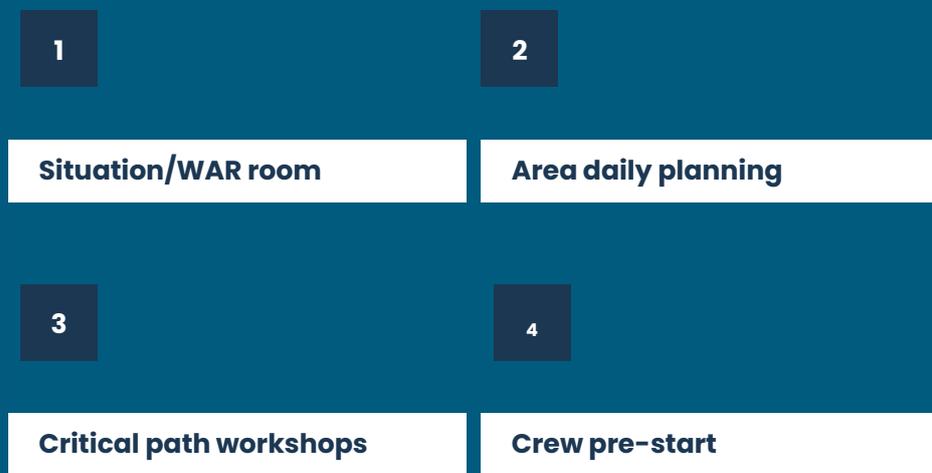
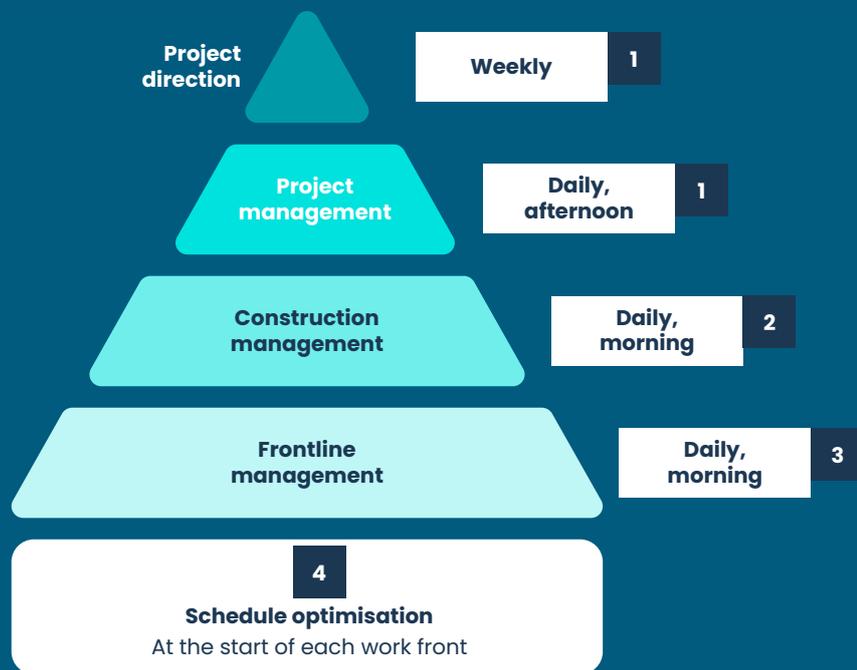
Performance transparency aligns teams by helping set clear, daily expectations for each party while establishing what each team requires and needs to do to accomplish their daily tasks and exceed targets. Accomplishments are highlighted and openly rewarded, and the cost of underperformance made evident. This is not about shaming underperforming areas, but cultivating a 'you win, I win' environment where teams collaborate to ensure the success of the overall project and, hence, their own.



04 Enhance project management system to drive and improve performance outcomes

All aspects of performance to plan should be discussed in daily/weekly meetings. Meetings should provide a platform to discuss what is stopping teams from achieving or exceeding their targets, and what can be done to eliminate those barriers. Done effectively, these meetings act as a forum to ensure all stakeholders are on the same page and to drive project delivery. It is important these meetings are productive and set teams up for success tomorrow and beyond, rather than a forum to complain about past failures.

Establish robust processes to drive high performance



Case study

28% reduction in capital cost and over a year recovered for a CSG/LNG project



Context:

We supported an oil and gas company to drive high performance across all phases of the five-year build of their \$25bn project.

Key deliverables:

- Set performance targets for engineering to increase productivity and delivery rate
- Established consistent processes to accelerate approvals and land access whilst reducing costs
- Set up visual boards and meeting cascade to optimise construction and commissioning and ensure operational readiness
- Improved contractor performance through coaching and daily meetings to ensure a shared focus on the critical path and working collaboratively to achieve targets

Tangible impact:

Reduced

upstream project's capital requirement of \$11bn by \$3.1bn by optimising project value

Recovered

over a year from their construction schedule, including:

- **Accelerated** regulatory approvals by 90 days
- **Reduced** engineering delivery time by 69 days
- **Recovered 285 days** in construction and commissioning phases

Conclusion

Across all typical projects, there are significant embedded opportunities to increase the baseline performance assumed in the plan and beat both schedule and budget. To capture this valuable opportunity, projects need all teams (frontline and supporting) to have an absolute focus on achieving 100% readiness and maximising rate on all key work fronts everyday. This is only possible when the project actively works to avoid execution risk and ensure micro-milestones are met. We see projects realise substantial benefits from having a small team dedicated to expediting the critical path. A team that is out with the frontline and engineers every day, working closely with teams to ensure alignment and ownership around core processes and KPIs. Only by acting across contractual silos to remove barriers and coordinate activities, can high performance be achieved – where all parties are more successful and more profitable.



About the author



Guy Turner

Director

Guy Turner co-leads Partners in Performance's Global Capital Practice. With over 20 years experience in delivering capital and construction projects, Guy has helped clients improve performance improvement and strategy in up and downstream oil and gas, mining and complex processing plants. Beyond his industrial construction experience, Guy has overseen the development of high-rise buildings, bridges, airports and sports stadia. His particular area of focus is on working with owners and contractors to build integrated project teams that deliver high performance every day.

