PROJECT MANAGEMENT
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A.J. CLARK SCHOOL OF ENGINEERING
Civil & Environmental Engineering Department

ACCREDITED PROGRAM

IT'S TIME TO RE-ENGINEER THE OWNER/CONTRACTOR RELATIONSHIP

Jeannette Terry, CEO, TerconPartners

2019 Project Management Symposium

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Jeannette Terry
UMD Project Management Symposium
May 9-10, 2019   Slide 2

Tercon Coaches Project Leaders and Aligns Teams Across Geographies & Cultures

Owner Companies: Chevron, Royal Dutch Shell, ExxonMobil, Saudi Aramco, Marathon, ConocoPhillips

Prime Contractors: Bechtel, KBR, Chiyoda, Technip, JGC, Foster Wheeler, Mc Dermott

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Jeannette Terry, Tercon Partners

Founder & CEO

- Human capital consultant with 25+ years supporting major capital projects

- Collaborates with project executives and leader to build sustainable organizational capability

- Past and current clients include several major O&G and chemicals companies

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Session Introduction:

- Around the globe, the cost of delivering projects has escalated dramatically over the past 10+ years.
- This trend has been driven by a variety of factors including environmental, commercial, governmental/regulatory, and technical, as well as the availability of needed resources.
- The need to make project outcomes more predictable in areas we *can* control has never been greater.

"This session examines how a project's human capital resources – its leaders and teams – can be leveraged and deployed in ways that increase efficiencies, preserve schedule integrity, and contain costs."

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How to Make Project Outcomes More Predictable

IMPROVE ALIGNMENT + INCREASE TRANSPARENCY + AUTHENTIC TRUST = BETTER PROJECT OUTCOMES

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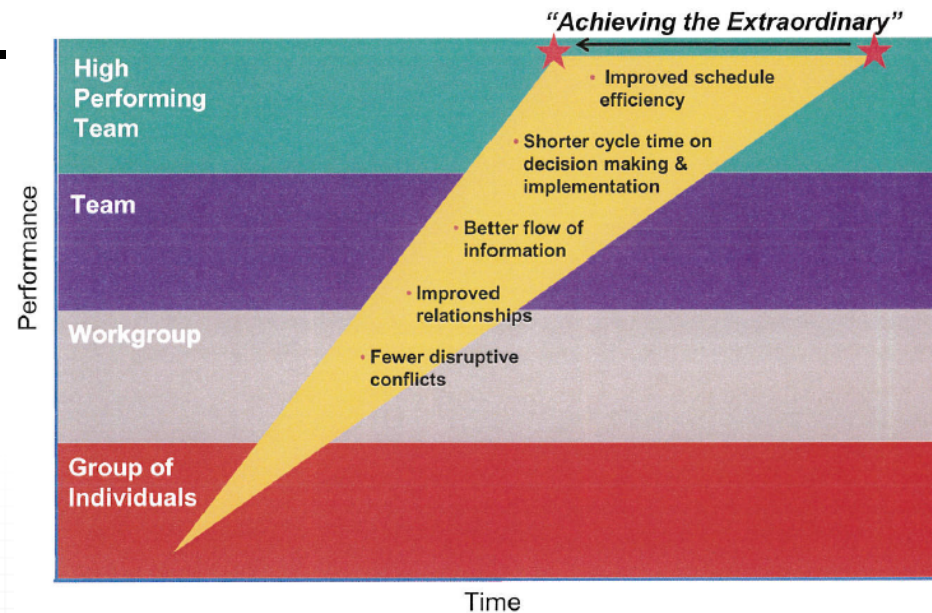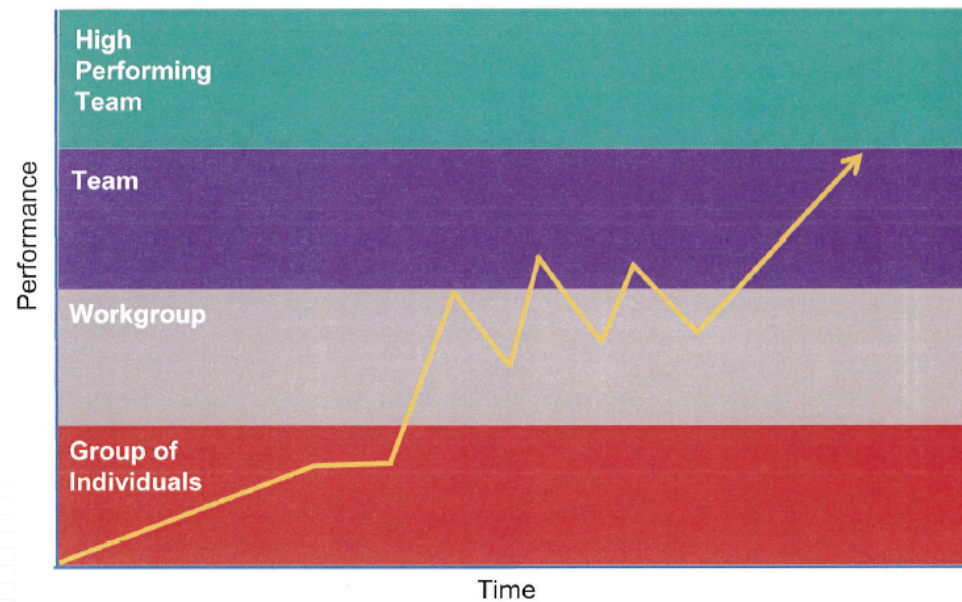A.J. CLARK SCHOOL OF ENGINEERING
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If a project is to achieve extraordinary results (including predictability), a high performing team is required fast.

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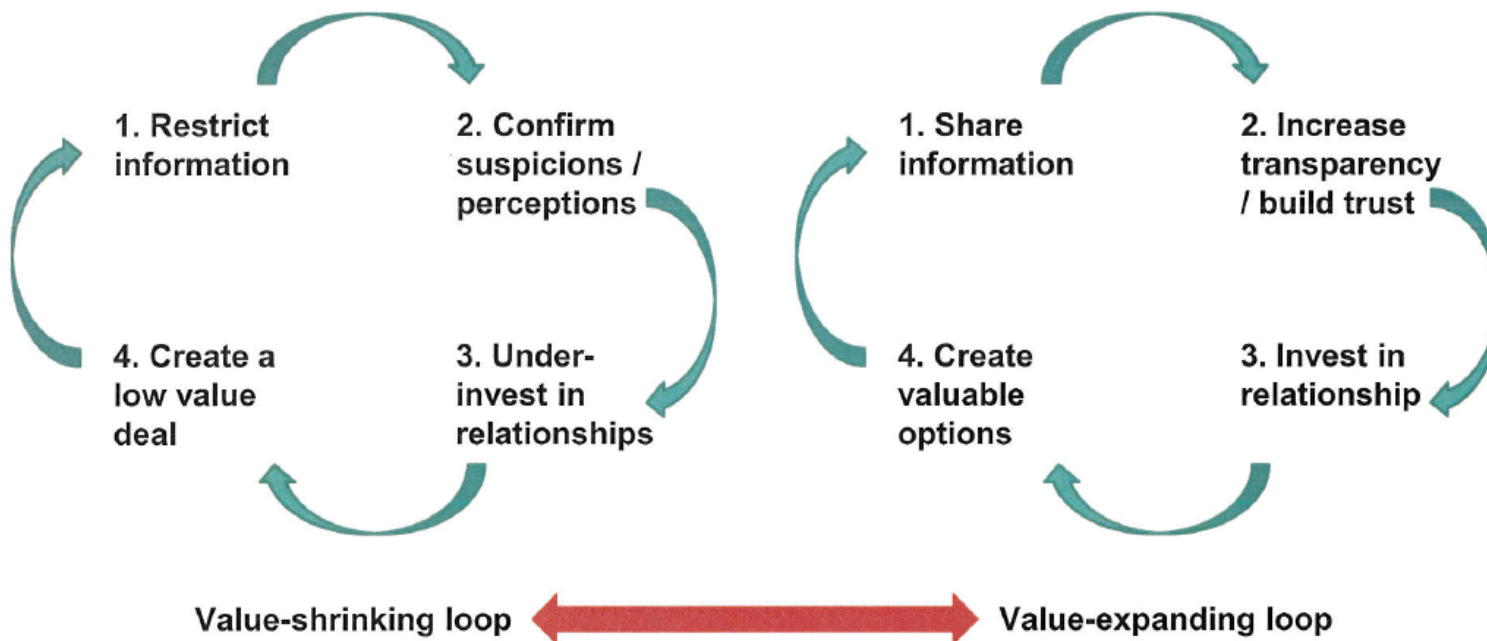
But, more often, the development process looks like this:

Trust Centers On Relationships

Owner-contractor relationship loops

1. Restrict information
2. Confirm suspicions / perceptions
3. Under-invest in relationships
4. Create a low value deal

1. Share information
2. Increase transparency / build trust
3. Invest in relationship
4. Create valuable options

Value-shrinking loop ⟷ Value-expanding loop

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Increased Trust & Transparency Helps Overcome/Prevent These Common Construction Challenges:

- Engineering and construction get disconnected.
- Known capability gaps often not communicated.
- Construction data not easily understood.
- Completion dates established without sufficient input/buy-in regarding achievability.
- Joint problem-solving occurs too late to solve construction issues.
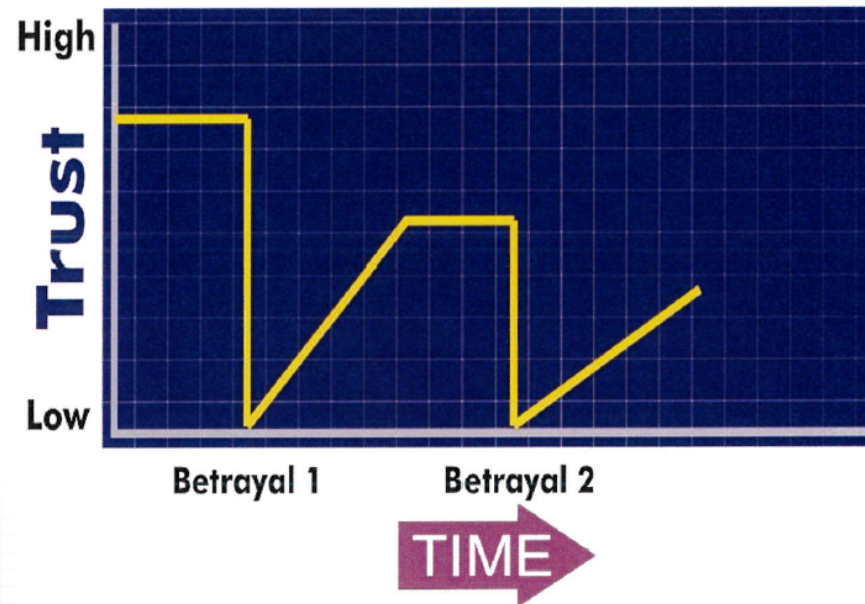- New (better) approaches not embraced.

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TELL-TALE SYMPTOMS OF LOW TRUST ON TEAMS	
DELAYS IN DECISION-MAKING	"Data wars"; reduced risk-taking; lowered commitment to implementation
UNDER-COMMUNICATION	Withholding information, going around others, failing to get clarification about assignments and/or agreements during meetings.
CONFLICT AVOIDANCE	The "real" issues doesn't get surfaced. In addition, people often try to avoid arguments by informing each other of things at the last minute when it's too late to make changes.
PEOPLE ARGUE FROM EXTREME POSITIONS	They use lots of "absolutes" with each other – "You always...", "You never..."
PEOPLE JUMP TO CONCLUSIONS	They don't test their assumptions for correctness or validity. They don't examine or share their stories to get the truth.

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Trust Is Built (or Destroyed) Over Time

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"When trust is low in a company or relationship, it places a hidden "tax" on every transaction, every communication, every interaction, every strategy, and every decision, bringing speed down and sending costs up."

-Stephen M.R. Covey, *The Five Dysfunctions of Teams,* 2002.

Tercon Evaluates 4 Dimensions of Trust

COMPETENCE
Does the individual or team have the skills, abilities, knowledge, and experience to deliver what's required?

COMMITMENT
Willingness to do whatever it takes to complete a task or achieve an objective. Strong work ethic and focus on getting the job done right.

COMMUNICATION
The content and delivery of messages is clear and timely, with information delivered in the correct format to meet the receiver's needs.

COLLABORATION
Individuals and teams work supportively with each other. They're open to other's ideas and feedback and look for win/win solutions to problems.

"What good looks like"

Details

Collaboration	• Receives feedback without defensiveness • Brings "real" issues to the table • Gives credit where credit is due
Communication	• Shares information across teams without restriction • Ensures others understand what has been communicated • Tackles issues openly, without fear of reprisal
Commitment	• Supports commitments made by team members • Compromises if necessary to meet goals • Seeks root cause(s) if team members fail to meet their goals
Competence	• Members have the skills/experience to succeed • Holds themselves accountable for high performance • Expands team competencies when needed

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A Project's Culture is Shaped by People at the Top

What is the level of Trust between leaders in the owner and contractor organization?

For example:

1. Do they show mutual respect in their words and actions?

2. Has trust been extended initially, or withheld?

3. How are disagreements usually handled?

4. How do leaders in both organizations talk to their people about the other organization?

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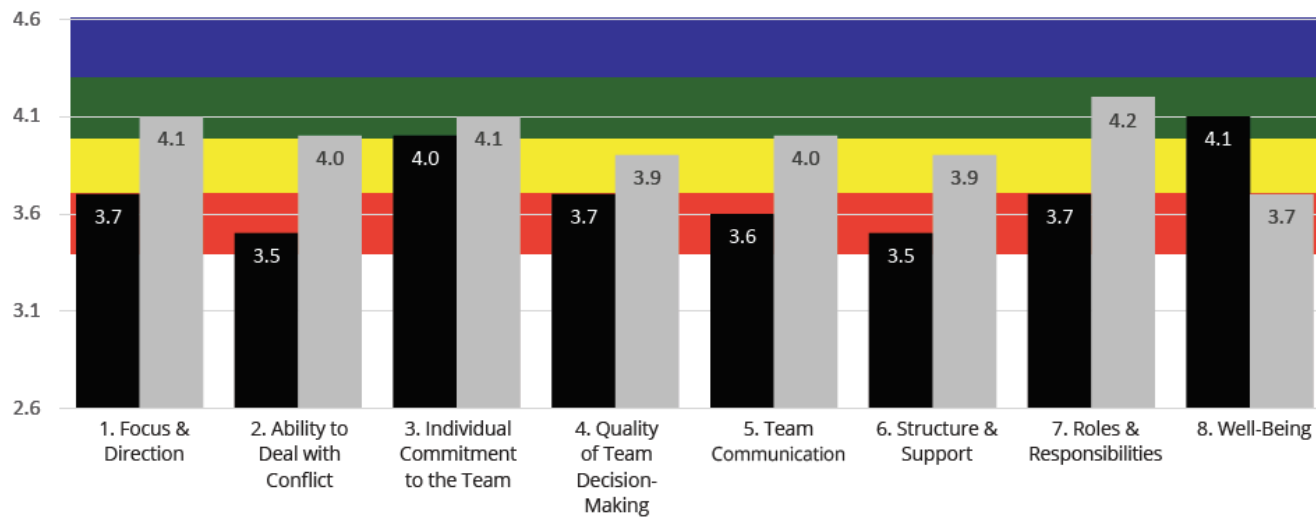
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Why Bother Improving Trust Between Owners and Contractors?

1. Early problem identification and resolution
2. Shorter cycle time in decision-making and implementation.
3. Fewer disruptive conflicts that distract from work priorities.
4. Collaborative and joint problem-solving for doing the right thing.
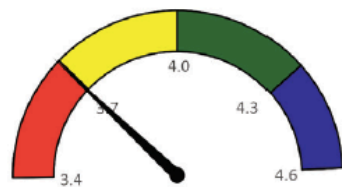5. Total project costs are reduced.

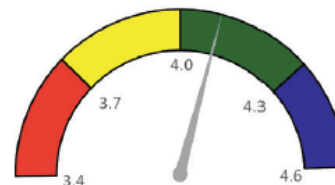# Important Lessons from the Neuro-Science of Trust

1. Homo-sapiens are hard-wired to trust!

2. Three factors regulate trust in work-based relationships:
   - Can you do what I need you to do?
   - Will you take care of my/our interests in a predictable way?
   - Does the relationship "feel" right?

3. Soft skill competencies allow technical skills and experience to be more fully leveraged.

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February, 2017
(Black Bar)

December, 2017
(Grey Bar)

LEGEND:
Red Flag
Needs Improvement
Meets Expectations
High Performance