

SHOULD MEGA-PROJECTS BE TREATED AS TEMPORARY ORGANISATIONS?

Highlights from the Major Projects Association event held on 6th June 2017



This question was posed by Professor Jennifer Whyte of Imperial College in order to provoke thought and debate at this Major Projects Association discussion dinner. Professor Whyte explained that the academic literature on mega-projects tended to treat them in a similar way to smaller projects: as temporary organisations with certain key characteristics, and distinct from permanent organisations and businesses. However, her research and key case studies suggested that the reality was more complicated.

Characteristic	As temporary organisations	As long-term projects
Projects	Organised through contracts and informal interactions.	Organised through contracts, informal interactions, and a new firm set up as a special purpose vehicle (SPV).
Temporal characteristics	Short-duration; limited end; ephemeral project within an enduring organisational milieu.	Long-term; limited (though renegotiated) end: evolving and organisationally complex, with different elements being more or less temporary.
Relationship of the project with firms	Project as distinct from delivery firms (project-based firms), often conceived of as a more informal and flexible form of organising.	SPV is itself a firm, but with legally constrained specific objectives and owned by external organisations.
Inter-relationships in the project	Set-up and can be characterised for project delivery.	Different organisational arrangements becoming involved at different stages of delivery.
What endures	Assets created by the project.	Assets created by the project, and organisational structures, such as the SPV.

(Brookes et al 2017 *An island of constancy in a sea of change: Rethinking project temporalities with long-term megaprojects* published in the International Journal of Project Management)

'Operations are ongoing endeavours that produce repetitive outputs, with resources assigned to do basically the same set of tasks according to the standards institutionalized in a product life cycle. Unlike the ongoing nature of operations, projects are temporary endeavours.'

Project Management Body of Knowledge, 2013

The assertion from Professor Whyte was that while the research literature frames projects as 'temporary organisations', mega-projects may have very long initiation and delivery phases, often lasting for many years, sometimes even decades, and they deliver capital assets that are used for decades or centuries. Instead of a short-duration activity within a fixed organisational context, these projects involve multiple temporalities, with a range of more and less temporary forms of organising combining in the process of enactment.

A case study helpfully illustrated how mega-projects so often do not stick to 'the rules'. Over the course of 11 years (2002–13) the Greater Gabbard Wind Farm went through several iterations of owner–contractor relationship. Notably, Fluor, who were originally part of the initial SPV, were then bought out and later became engineering, procurement and construction (EPC) contractor for the project.

This, and other examples, confounded the academic attempt to provide a clear definition of long-term infrastructure mega-projects as temporary organisations with contractually limited lifespans and temporal phases via legal entities (such as SPVs) that are set up to deliver them. Whyte and her colleagues found that, viewed as temporary organisations, mega-projects are troublesome cases.

'In theory there is no difference between theory and practice: in practice there is.'

Anonymous

They are far from temporary relative to most other organisations. In fact they often last longer than the supposedly stable and permanent forms of organisation through which they are created and associated. They thus resist and complicate the prevailing dichotomous view of temporary vs permanent, suggesting instead the need to consider a more complex set of multiple temporalities.

The challenge faced by practitioners, therefore, is: how can we improve our understanding of the nature of mega-projects in such a way that it helps to deliver better outcomes?

We may believe that such definitions do not matter, but Professor Whyte gave compelling thought to what was at stake:

- **Risk:** Projects, and other temporary organisations, understood as a vehicle for risk, in contrast with permanent organisations which are categorised as ‘low degree of novelty, less uncertainty and risk, routine-based work’.
- **Knowledge:** The temporary nature of projects is seen to inhibit the sedimentation of knowledge – when the project dissolves and participants move on, the created knowledge is likely to disperse.

Prompted by a series of discussion topics the senior-level practitioners at the event offered thought-provoking input:

THE PRACTICAL REALITY OF MEGA-PROJECTS

The delegates in the room represented many years’ experience of working on mega-projects and all agreed that however the project was defined, there was a need for solid foundations, strong sponsorship and a controlling mind. There is a need for continuity between phases even where there is a natural transience of people as different skills are needed at different times.

Roger Bailey of Tideway said there were three key phases of a mega-project: getting to the start line; building the asset; and then operating and maintaining it. All agreed that across those phases the people, focus, organisational structure, pace and delivery mechanisms would change.

‘Mega-projects shouldn’t be stable.’

Bill McElroy, Managing Director, Advisory, Turner & Townsend

THE TREATMENT OF RISK

On the topic of risk there was an understanding that it was part of risk mitigation to have multiple temporalities, and that in the first phase of any project it is ‘just a huge planning application’.

Paul Brand of Risk Solutions suggested that in some projects it was a case of rearranging the many

externalities to shift the risk to a point where the project can happen. He commented that mega-projects gain a momentum and life of their own, and the rearrangement of ownership and delivery mechanisms were often related to the allocation and reallocation of risk.

THE IMPACT OF FUNDING

No discussion of risk can be separated from how projects are funded. In the utilities sector, for example, gestation periods for mega-projects are long because of the time it takes to get the funds. Just as there are key phases in the project – starting, building and operating – so there are key stages in the funding cycle of mega-projects which assert different and often conflicting pressures. Funders are not willing to wait 25 years for a return on investment and often ‘flip on’ the assets once they are built – hence the shifting pattern in ownership across the life of a mega-project.

THE CREATION AND SHARING OF KNOWLEDGE

Professor Whyte highlighted concern that the temporary nature of mega-projects might lead to the loss of knowledge and key lessons. Delegates agreed that the ‘Learning Legacies’ being developed by the Olympic Delivery Authority and Crossrail were positive steps to avoid this but it was felt that this had to be incentivised through contracts.

It was agreed that despite the creation and dissolution of teams as projects ebbed and flowed, the knowledge, whilst lost to the project, was retained in the larger community of major projects. Manon Bradley of the Major Projects Association reminded the group of the **Major Projects Knowledge Hub** which had just been created as a deposit for all of these lessons and a space for reflection, community support and debate.

POINTS FOR FURTHER DISCUSSION

- How should we define mega-projects?
- If we approach mega-projects as permanent organisations, what problems might this cause?
- If mega-projects had a guaranteed source of public funding would they be structured differently?

This report draws heavily on the paper by Brookes, Naomi; Sage, Daniel; Dainty, Andrew; Locatelli, Giorgio; Whyte, Jennifer (2017)

An island of constancy in a sea of change: Rethinking project temporalities with long-term megaprojects

International Journal of Project Management, Vol.35(7):1213–1224

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