

LEADERSHIP THROUGH COOPERATION

John Carlisle and his company in Sheffield have been pioneers in the field of organisational cooperation for nearly twenty years, beginning with win-win negotiations in the Petrochemical and Electronics industries in the early eighties, and currently working with strategic alliances and partnering world-wide. They advise on relationship development in major projects in Hong Kong, Australia and South Africa, as well as in the UK, where the rail industry infrastructure is one of the key activity areas.

INTRODUCTION

Today Partnering still offers the biggest leadership challenge to the construction industry. It offers that challenge in particular to the Clients and the largest operators. This is ironic in that the Egan report seemed to suggest that it will only be the largest operators who will be the winners in this drive to greater efficiency when our experience suggests strongly that the big contractors, by and large, are still struggling with the fundamental culture change that is vital to their success in partnering. Look at the Laings Construction debacle. What has happened?

What we are seeing too often instead is investment in structural change, which is always seems to be the first, and worst, resort. Instead of wrestling with the softer but more difficult issues of their own values, attitudes and behaviours they opt to work with the "visible" things.

Welsh Water and Balfour Beatty Construction (BBC) appear to be some of the honourable exceptions. Welsh Water is working through a carefully designed organisation development process, beginning with the contractor selection process and plenty of monitoring - and dogged constancy of purpose (more of which later.)

Balfour Beatty began with their supply chain. In other words they were thinking in system terms, and not structurally. As Paul Lester, the MD, said in 1998: "The goal is to take cost out of the supply chain....and to work with our suppliers to improve productivity." The West's motor industry star performers in the mid-nineties, such as Chrysler, started doing this in the eighties.

The Clients also have a long way to go: in some cases, a very long way! The contractors knew this instinctively as soon as the Egan report came out. We can all remember the cry from the heart that appeared in every construction publication: "Tell that to the clients!". And quite right too. Some clients are still doing what Dr Stuart Green suggested in his 1998 controversial paper, "Partnering: The propaganda of corporatism?". They are undertaking a crude exercise in buying power; but need to realise that lower costs under this regime do not deliver long term - or even short term - quality in most cases. Bandyng words around like *win-win*, *openness* and *trust*, while exercising win-lose policies does not make for good bedfellows or continual improvement.

In a nutshell, the clients get the contracting industry they deserve, and that includes the very large contractors who get the suppliers they deserve. Both, I feel, could learn from the smaller and medium sized contractors like Kier, Llewellyns, Morrisons and the like, who have made the greatest investment in internal cultural changes and now form effective and profitable partnerships.

However, they could also learn from other large companies as well, such as BP Amoco, BNFL, Sainsbury's, and Thameslink 2000 in the UK, and the Mass Transit Railway Corporation (MTRC) in Hong Kong. The paper will incorporate our experience of three of these in my summary of some key principles below.

COOPERATION AS AN ORGANISATIONAL COMPETENCE

("IN THE END ALL THINGS MUST STILL BE DONE": Lenin)

It is individual and organisational behaviours that determine the perceptions as to whether or not a company is partnering. And most often it is the organisation's policies and processes that determine the individual behaviour; so analysing behaviour is as good a measure as any of cooperative competence. Our research indicates this (Figures One and Two). The data are taken from observations of project meetings, and show how, even with the same experience of partnering, the Client seems to have real difficulty learning the "Inclusive" skills of cooperative behaviour.

Figure One shows that the Client exercises a far greater degree of "Tell" behaviours, and only about half the number of the "Inclusive" behaviours.

Figure Two shows that experienced Contractors are four times as likely to try to develop the ideas of others as are experienced Clients.

It is this kind of behaviour at meetings that makes contractors sceptical of the Clients' attempts at partnering.

The simple remedy in the first place is to train the top managers in these more cooperative skills. Then take them down the line. New policies of cooperation will then have more credibility, i.e. the talk will be walked! In the end it is what you do that matters; not what your public relations machine says. *Behaviour as experienced is the mother of perception.*

THE REALITIES OF PARTNERING

Partnering requires, for most companies, a major culture change. It therefore requires a major investment in a relationship strategy, i.e. time, money, people and, most of all, changing attitudes and perceptions starting with yourself. In 1997 Willmott Dixon put everyone in the company through a partnering Awareness day, including receptionist and secretaries. That is commitment.

Here are four principles:

- ✎ **UNDERSTAND** the Relationship Journey, the move from controlling to sharing control, from Hierarchy to System Thinking (Figure Three). Be realistic about just how much your company will have to work on itself, and be humble enough to admit you need help. BNFL and MTRC have been outstanding in this regard.
 - ✎ **TRANSFORM** values and attitudes into cooperative behaviours at all levels; but especially at the top and at the key interfaces with customers and suppliers/contractors. Improve recognition throughout the organisation that cooperative, not adversarial behaviour, will be rewarded by putting in place the appropriate new policies. Communicate and celebrate successes, please!
MTRC are excellent at this, as the article in the Financial Times of September 14 shows, and as Appendix 1 illustrates. BNFL are trying hard; but, like many large British organisations, they are having some difficulty really celebrating. We are never sure whether it is puritanism or pessimism!
 - ✎ **PLAN** the implementation as carefully as a major project, for that is what it is. Put strong people in charge.
 - ✎ **PDSA** (Plan-Do-Study-Act) the partnership. In other words measure the relationship with behaviour observations and against the Charter, and measure the process and business improvements. Help each other to succeed. If the client is not taking significant waste out of their system (and here is where I do challenge Egan - 10% is far too conservative a target for an industry that is cluttered with non value-added activity. We would expect to take out at least 20% in the first phase of partnering) then the relationship is not working properly. And if the contractors are not increasing their margins significantly, again the relationship is not effective.
The MTRC in Hong Kong made a strategic decision to use partnering, not just to get the TKE project delivered on time and to budget; but also to ensure their contractors achieved a reasonable return in what has become a very tight market. They understand that you get the contractors you deserve.
- Finally, it is important early on to measure the win/win, and to act fast to correct it if it is not emerging as such. If that means removing people, then remove them. This includes legal and other advisers.

THE ROLE OF THE PARTNERING AGREEMENT

This, is in fact quite simple. It is about clarifying the nature of the relationship. A good lawyer who understands partnering is your best ally here. Northumbrian Water's view is that it includes:

- ✎ A statement of intent, not legally binding
- ✎ Covering the project and common partnering objectives
- ✎ References to everyone's roles and responsibilities. (Shell has excellent examples here.)
- ✎ References to contractual terms of engagement
- ✎ Signatures of key personnel.

(From Construction Productivity Network members' report E9083)

THE ROLE OF THE EXECUTIVE

Again this is quite simple. Their role is leadership, and the first responsibility of leadership is to have a strategy and to communicate it. You cannot have a strategy unless you understand the nature of the task and set a goal. In BNFL these are quite clear. Partnering is a key plank in the organisation's safety achievement and cost reduction programme. John Taylor, the CEO of BNFL, has said so, again and again. It is clear.

The second responsibility of leadership is support, support, support - intelligent support. This is known as constancy of purpose and requires courage. Sainsbury's are demonstrating a dogged endurance from the top here, as well as instituting creative developments, such as the Specialist Contractors Certification programme.

Humphrey Claxton, head of BNFL, has the task of making partnering a reality for the larger organisation, and, as he will explain, he set about understanding the nature of the task by putting enormous time and effort into studying partnering and best practice world-wide. He then led the effort by putting together the team structure that would roll out the strategy they had put together.

What does this require? I will leave you with some key messages

KEY MESSAGES

1. Humility

a. Leaders must learn to learn, and this means taking time off to review.

b. Leaders of client organisations must accept that they are seldom as cooperative as they think they are, mainly because they lack understanding of what cooperative behaviour really is, and because their competitiveness probably got them where they are today.

2. Interdependence

a. Leaders must understand their organisation as part of a larger system, i.e. interdependence.

b. Leaders must accept that trying to control the system causes waste, while working cooperatively within it brings surplus.

3. Courage

a. Leaders must begin to change their behaviour from directing and demanding (Tell) to seeking and selling (Include). This means changing their minds first, and the behaviours next.

b. Leaders must take the risks consciously to set up conditions for sustained change which they lead from the front as role models.

4. Care

Take a real human interest in your managers in partnering initiatives. Good relationships are, after all, the glue that holds organisations together, and radically improves performance. Defend your troops especially against ambushes from the disaffected.

5. Constancy of purpose

Always go back to the relationship-building commitment, especially when there is a crisis. Treat every crisis as an opportunity to demonstrate the strength of the relationship - as opposed to the negative power of penalty clauses. The Heathrow Express tunnel is a good example, as is the Welsh Water slag problem. And the closure of the Capenhurst project by BEL and its team was an excellent example of a win-win approach to a potential lose-lose situation.

6. Zero Tolerance

Partnering is a strategy. It is not a programme, or a "me too" activity. It is a dramatic re-positioning in the market place designed to get your most important customers and suppliers to give you preferred treatment because they want to. It means a totally different way of life at work, and is hard work, because it renders many people near the top incompetent. People who feel incompetent are dangerous, as they feel uncomfortable, and are liable to regress to old behaviours. However, the really dangerous leaders are those who are incompetent and don't know it - unconsciously incompetent. They are like those drivers on the M1 who do 50mph in the middle lane, causing chaos on either side; but blissfully smug.

So, what needs to happen? Zero Tolerance of any behaviour, language, attitude, which contradicts the cooperative culture. Here are some examples.

Point out when the company:

-  Refuses to share information early or at all
-  Demands transparency; but is not transparent itself
-  Is unable to accept the need for early involvement for value engineering
-  Workshops which people are "expected to attend" - particularly contractors; but are not followed up
-  Using threats - even jokingly - especially in a crisis

-  Not having pain-gain mechanisms or genuine consistency of work programmes
-  Not “managing” the relationship, just the performance
-  Does not have an allocated budget for the relationship development

The other side of Zero Tolerance is *Maximum Recognition*. We sometimes forget that executives are human too, and a bit of direct, factual feedback on performance improvement as a result of cooperation goes a long way to encouraging the right behaviour in our leaders. In the sixty-odd companies we have worked with in the past year on increasing cooperation we have found in particular, that saying thank you when they are trying to change really works well.

So, if you have paid attention, “THANK YOU”.

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