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## **POSITION PAPER TO PERSONA: PARTNERING IS ABOUT ALIGNMENT**

### **Preface**

Every organisation has three sub-systems, one of which may be dominant at any one time. Supermarkets have a dominant service sub-system (downstream focused). Research organizations have a dominant information sub-system (upstream focused) and most others, especially the extractive industries, have a dominant operational sub-system (central transformation). This is where the oil and gas and mining organizations find themselves: their major role being to get as much as they can from the assets they have invested billions in. The culture therefore is one of “steady state”, which worked really well in a stable world economy.

### **Instability and Good Relationships**

Today, however, the world is very unstable. New environmental legislation, the WTO demands, anti-corruption awareness, price and demand fluctuations, reputation management and shifting investor trends make for very difficult executive decisions. All the uncertainty tends to push the decision-makers into minimum risk postures, which very often means “more of the same”. This is certainly true of the oil and gas industry which should really by now be much more upstream-focused than it is – with the exception of BP. After all it was already clear in the late 1980’s that 80% of all innovation in the industry came from the contractor dispensation, not from the operators. Thus today, with development activity assuming a greater importance than ever, the art of getting the best from the small band of world class contractors is becoming more and more of an executive issue. The company that gets the right type of relationship with these suppliers, i.e. a cooperative one, is the one that will succeed in getting the best quality projects in on time and the right cost. (In South Africa the mining companies are desperately worried about the fact that the shrinking contractor base is working more outside the country than inside because of the autocratic, demanding behaviour of the typical South African mining client.)

A very important feature of good Project Leadership is good Client Leadership, as the Attached ICCF Position Paper illustrates. (Appendix 1.)

### **Business Role of Partnering**

Partnering is important because it provides a structure where, in the first place the projects are prioritised, with the help of the contractors, according to their goodness of fit with the corporate business plan. In De Beers, for example, one of the mine projects was dropped in priority when the partners revealed the true costs of development in a brownfield site – not of the project itself; but the extent to which it would interfere with production, the growth of which was urgent. New feasibility studies are now being conducted for a different location for the shafts, while production is lifted with an innovative undercutting approach.

### **The New Project Leader**

The JCP Partnering approach demands that the planning considers the whole system in space and time, e.g. not just the footprint when the operation commences; but when it is completed and closed. This entails working effectively with all the stakeholders, including having a client executive presence on the Steering Committee. Typically, the planning team would include, not just the technical partners, i.e. engineers and designers, but also the facilities management and environmental (Sustainable Development) experts.

Consequently, the Project Leader is the conduit between the Business Plan and the Project Planning and Delivery System to achieve perfect alignment from inception to final commissioning. This requires considerable leadership ability and behavioural skills, as it requires, not just co-ordinating functions; but taking account of the different cultures and attitudes, including approaches to taking risks with early involvement and being open and trusting. These behavioural competencies are fundamental to leading the project to business success, and are the thread which integrates all the learning required for becoming a successful Project Leader, as the Welsh Water Case Study shows.

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