

Walk the Talk

Radio for Agile Minds

<p>Shelley</p>	<p>It's that time of the month when we welcome Nick Anderson to the studio.</p> <p>Nick is Senior Partner for Professional Development Services – The PDS Group affiliated with ROCG Business Transition Specialists. Over the last 20 years Nick has helped many house hold names like Turner Construction, Qwest Telecommunications and Royal Bank of Canada to impact bottom-line results through changing people's alignment within their organization, with their customer's and their partners.</p> <p>Each month Nick chooses a topic related to the business world in West Michigan focusing on the transitions this economy is going through</p> <p>Welcome....What have you chose for us this month?</p>
<p>Nick</p>	<p>This month I want to focus on the "Golden Triangle"....no not the drug triangle in South East Asia.....but the relationship between Owner, Architect and Contractor in the Construction world – A partnership that lies at heart of success for our community</p>
<p>Shelley</p>	<p>Why is this trend important to the West Michigan economy?</p>
<p>NICK</p>	<p>Time to completion, costs reduction, better fit-for-</p>

	<p>purpose in the face of competition are just some of the elements that drive people to look for better alignment between the parties. In the Medical community its about making west Michigan a Terminus destination for patients who are seeking the best and latest treatment.</p> <p>Since the mid 90's the partnering revolution has percolated from the large enterprise into the small to medium sized space. In the Construction business many would say "<i>caught up with what they had been doing for years</i>"</p> <p>It's a focus on getting beyond the transactional, short-term business into more profitable and durable relationships like:</p> <ul style="list-style-type: none"> • Integrated processes • Developing solutions with competitors "co-opetition" • Open book sales • Joint productivity initiatives
<p>SHELLY</p>	<p>How does partnering relate to the construction industry today?</p>
<p>NICK</p>	<p>Well, clearly you would think that owner, architect, contractor and all the other associated trades and professions would share</p> <p>The Goal: a perfect building with proper design, highest quality, constructed on time and last but not least, built within budget.</p>

	<p>Unfortunately, on all projects and especially large contracts this goal can easily get lost in a quagmire of legalism, mistrust and traditional lines of demarcation.</p> <p>For example: March this year Mlive.com reported</p> <p><i>WYOMING -- The brick walls are up and the roof is on, but Metro Health has not received state approval to open its cancer treatment facility, a situation causing a rift among the area's hospitals and cancer doctors.</i></p> <p>This is a good example that many time in NPO's and in multi-owner constituencies alignment is not an easy thing to establish or maintain.</p> <p>The longer the project the more change in design can occur, especially in fields of medicine and health care</p> <p>To get to the goal you have to ways of overcoming misaligned expectations</p> <ol style="list-style-type: none"> 1. Managing Conflict 2. Managing Complexity 3. Improving Building Performance
<p>Shelly</p>	<p>Ok, so let's look at these three area s in a bit more detail, first managing conflict...What do you see the main benefits of aligning people top manage conflict</p>
<p>Nick</p>	<p>As we have covered on previous programs we generally find a pretty consistent discrepancy between people's expectations and what they think is expected of them in regard to a planned change – i.e. 80%+</p>

And construction is no exception....

We are currently working with a multi-hospital construction project - \$700 m which is our second project for this client. The first of which led to PDS being attribute with helping prevent the project getting bogged down in legal disputes – The Owner - first project in ten years that didn't end in some form of legal disputes.

Here's some of the benefits:

1. Helps develop a healthy attitude to managing rather than hiding conflict.
2. Reduces the distracting and destructive products from poorly handled conflict situations.

For example: We can show where people are not aligned on particular issues like design resources and where there is likely to be a lot of tension ***before*** a dispute occurs

3. Helps harness diverse views and experience in the project team for the good of the overall project and Owner.

For example: When we look at communications channels we can show where cross-disciplines are as well connected as they should be. – Engineers, designers, medical equipment specialists – changing technology required a \$1.5m change order

4. Helps handle change as the project progresses and manages the constant flow

	<p>of information between Owners, consultants and contractors.</p> <p>For example: Many times a regulatory authority like OSHPD needs to approve material change.</p> <ol style="list-style-type: none"> 5. Addresses the tensions in managing the dynamic and transient nature of the project lifecycle process. 6. Recognizes that as work precedes the relative bargaining strengths of the parties are constantly adjusting. Standard approaches to contracting simply do not take this into account. 7. Overcomes, the inflexibility inherent in standard building contracts. For example, one contract assumes that the design is complete at the time of bidding and that the contractor employs most of the resources that will be required for the project. The fact is, design is rarely 100 % complete at the time of bidding and contractors subcontract most of the work. 8. Develops Partnership Teams while recognizing their different rules of engagement. Alignment recognizes and helps facilitates different project needs and rules of engagement, like: <ul style="list-style-type: none"> • Changing Owner demands • Rapid learning • Generating and maintaining effective interaction between team members so that they can exchange views and debate the consequences of their
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	<p>decisions in an open and honest forum.</p> <ul style="list-style-type: none"> • Changing circumstances over the project's lifecycle. • Shifting relationships between the major members of the project team. • Building trust for when things do not go as planned.
Shelly	In projects like the one you are currently involved in...let's look at complexity...
Nick	<p>If you think about complexity its governed by your experience and frame of reference but one emerging constant of the last decade is that we don't live in the cosy world of :</p> <p>WYSIWYG life is too dynamic IWKIWISI</p>
Shelly	How does that apply to a building – surely you get the designed agreed..then build it
Nick	<p>Yes, you would think that</p> <ol style="list-style-type: none"> 1. Designs in flexibility in management structure and style that is essential in dealing with complex and changing business environments. 2. Deals with the reality that construction contracts are based upon industry-wide standards that often are hastily modified and executed during a hurried design and bidding process. Alignment picks up where the contracting process stops. Every project needs a legal contract and a guide to monument – Alignment is the formative process to get the contracting parties into

alignment.

3. The use of **Alignment** helps project teams build Partnering, a process of building up long term business relationships that reduce the adversarial nature of construction. The expectations approach helps shift the emphasis from a contractual focus to a results orientated management focus.

Example

7. Helps develop the processes needed to cope with the growing complexity of design and Owner needs, e.g. as hospital buildings grow in size and complexity, building services also tend to be more sophisticated and difficult to manage from design to certificate of occupancy.
9. Develops protocols for coordinating multi-head Owner, changes of design, conditions of engagement of designers and contractors, division of design responsibilities, allocation of risks, early incorporation of specialty contractors/consultants, forms of contract and quality of design and construction management. **Alignment** can also have a positive affect on coordination of building services within the General Contractors office.
10. Examines ways in which Owners and various designers, contractors and equipment suppliers can work together as a team in line with the projects procurement path or strategy (The whole process of creation, communication, response and

	<p>integration in the context of the project can be defined as procurement).</p> <p>11. Helps develop Procurement Strategies by guiding decisions early in the project influencing risk allocation, design strategy and consultant/contractor hiring. This ensures that throughout the project the following are all consistent with the selected procurement route:</p> <ul style="list-style-type: none"> • Roles and relationships • Project management approach, • Communication channels • Information systems, • Forms of contracts, and <p>Overall management of the project organization</p>
<p>Shelly</p>	<p>How does being better aligned help improve building performance</p>
<p>Nick</p>	<p>Developing components that are designed to expose mis-alignment in innovation e.g. Lean Manufacturing</p>
<p>Shelley</p>	
<p>Nick</p>	<ol style="list-style-type: none"> 1. Identification of problems and their solutions before they actually occur. This is a Proactive approach toward building solutions to performance issues. 2. Improved space utilization and feedback on building performance. 3. Improved attitude of building owner through active involvement in the evaluation process. 4. Understanding of the performance

	<p>implications of changes dictated by budget cuts and scope changes, add-ons, contract extensions, and government intervention.</p> <p>5. Built-in capability for facility adaptation to organizational change and growth over time, including</p> <ul style="list-style-type: none"> • Recycling of facilities into new uses • Significant cost savings in the building process and throughout the building lifecycle. • Accountability for building performance by design professionals and owners. • Long-term improvements in building performance: • Improved measurement of building performance through quantification.
Shelley	Tip of the month
Nick	<p>Alignment of people for change is pervasive, what worked yesterday, which produced profits and good jobs does not always hold good. We lost 400K job in last 6 years.</p> <p>So, if you are getting ready or are already in changing to respond to your market, your competition, the economy ask yourself</p> <ol style="list-style-type: none"> 1, What are the key components that people have to be really aligned? 2. What do you want them to continue doing? 3. What do you want them to stop doing? 4. What do you want them to continue doing? <p>Head scratching.....</p>

