

Concept Symposium 2006

Principles of Governance for Major Investment Projects

The Concept Program; NTNU; Department of Civil and Transport Engineering
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Professional Exchange Sessions – Summary by Moderator

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Exchange Sessions Topics

Governance regimes for major investment projects comprise the processes and systems that need to be in place on behalf of the financing party to ensure successful investments. This would typically include a regulatory framework to ensure adequate quality at entry, standards for quality review of key governance documents, compliance with original objectives, management and resolution of issues that may arise during the project, etc.

The challenges are abundant: How to ensure viability and relevance up-front; to avoid hidden agendas during planning, underestimation of costs and overestimation of utility, unrealistic and inconsistent assumptions; to secure essential planning data, adequate contract regimes, etc.

The topic for this symposium is: Which are the current procedures and their effects? What would it take to develop more effective governance regimes at international, government or corporate level to ensure maximum utility and return on investment for society and investors? What would be the optimal mix of regulations, economic means and information in improved governance regimes for major investment projects?

The sessions are conducted in five parallel groups, and discussing two different topics – one each day. The sessions are hosted by international experts. A supporting team of professional staff from the Concept Program is responsible for documenting the outcome. Results will be available on the Symposium web site after the symposium.

Exchange Session Day 1: Lessons from today's practice

The purpose for the first session was to discuss current principles and procedures in different countries, their effect and shortcomings.

Exchange Session Day 2: Recommendations for the future

The purpose for the second session is to identify ways and means to improve performance and effect of governance regimes in the future, topics for further research, and ways to share experience.

Lessons from today's practice

- EQA
 - not looking at the existing internal processes & how to improve them (QI= Quality Improvement)
 - Stage gate process: leads to improvements
 - Have we had enough time to say it helps success?
 - Total cost of front-end / various gates
 - Duration of the process (days (UK) v.s. months (Norway))
 - Standardization of the documents
- Learning loops
 - EAQ and QI: what's about project owners, portfolio mgt
- Culture
 - Differences between Public & Private Sectors: how to select the right instruments / efficiency & effectiveness
 - How cultural differences impact the systems and decision makers
- Techniques
 - C/B analysis: not clear today (real options?)

Ideas for future research (1)

- Perception of the project
 - shared understanding / alignment of objectives stakeholders / team behaviour
- Behavioural aspects
 - relationship between Reviewers (EQA), Owner and Project Organization (Contractors), and impact on learning process
- Review Process
 - Time dimension / duration
 - Cost / benefits of the review process / reviews done
 - Impact on learning loops
 - Expectations / reports to be clarified
 - Check of C/B impact on Project Owner & Project Contractors / external review
 - Interest for Norwegian model / Sweden & Denmark...

Ideas for future research (2)

- Role of Politics
 - What kind of actions / media, lobbies
 - Political game is not necessary something to avoid/ to eliminate. Necessary condition.
- Risk
 - Distribution of accountability / segmentation; classifications of risk
 - How to value risks, how to share & distribute risks
 - Ownership of risks: the owner of a risk has to be aware!
 - Pb. of dialogue: politicians don't accept / don't understand risks
 - How to communicate about risks? What to communicate? To who?

Ideas for future research (3)

- Model (complex systems)
 - Early stage, model to make the “right” decisions without becoming/being too bureaucratic
- Organizational issues
 - Break down mega projects in manageable elements / pbs of system integration and interface mgt
 - How do we organize projects? What is below the PM?
 - How to organize the project information system? How long does it take to react to pbs
 - Decision & autonomy / Mgt Reserve to fix some issues. Degree of flexibility to cope with pbs
- Finance
 - PPP/PFI: what actually happens to these projects? Risk? For who?
 - What kind of financial “engineering” approaches are possible?

Ideas for future research (4)

- Context
 - Role of type of organization / decision process & governance and methods/levels/types of control
 - Influence of the countries political “set up” / budgeting & investment processes and decision making / purpose, content & duration independent review process
 - Pb of forecasting and estimating / time dimension of major projects
 - Influence of technological, political, regulations... changes
 - The structure of the Supply sector (contractors capabilities (margins, technological, R&D, efficiency, effectiveness) vs. project sizes & needs)