



Association for the Improvement
of American Infrastructure

Partnering

The critical factor in project performance

The idea of a Public Private Partnership (P3) holds great promise for delivering infrastructure projects at a lower whole of life cost, greater speed and in a way that benefits all involved. While most P3 projects are characterized as successes in interviews with both public and private participants, the struggles encountered by the various partners are also commonly reported.

A shared view is that better performance of projects, while desirable, can be difficult to achieve when merging the financial, technical, operations, maintenance and handback expectations between the contractual partners as well as stakeholders with influence. Difficulties are mostly likely to arise when there is a lack of committed partnership by one or more of the parties who are not willing to come to the table in a productive and constructive manner.

Performance is often correlated with how the people and organizations involved work together to facilitate the execution of a project, especially when challenges arise. In light of this, partnering is the critical factor in project success.

The three key elements for extraordinary project performance are:

- Commitment to deliver upon project goals within the intent of the contract
- Commitment to open, honest and timely communication
- Establishing a solution-oriented framework for working together

Let's address each one.

Commitment to deliver upon project goals within the intent of the contract

In formulating P3 projects, a large focus is on the contract, and rightfully so.

However, much like a prenuptial agreement, a contract may lay out what happens if something goes awry, but it does not always establish the foundation for successful performance. Such a foundation includes a shared vision that fulfills what is most important to all parties involved.

Beyond the obvious shared commitment to achieve the targets of cost, schedule and performance, each party involved in a P3 project has its own motivation for participating which may encompass a unique set of objectives of importance for participating in the project. While the success of the project is in the foreground, these items of importance are there in the background for each party, shaping how they view and act on the circumstances and issues that arise. This often leads to behaviors that can seem irrational to other partners.

When these items of importance are brought to the foreground they can be heard and considered by all parties, leaving nothing hidden, and no agendas in the background.

When each party commits to the success of the other party in achieving what's important to them and to the project, a bond is formed that allows the participants to fully focus on the task of project delivery, rather than being anxious about achieving their respective desired outcomes.



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Commitment to open, honest and timely communication

While we like to think we are open minded, there are biases that we as human beings bring to any endeavor. There are some typical biases present in most P3 projects. The public sector may see the private sector as in it only for profit. The private sector may see the public sector as inflexible, stifling innovation, and unreasonably transferring risks which the private sector has little or no control over. While these are broad characterizations, they are validated by interviews with representatives of both public and private sector entities.

With such biases in the background, every communication is unconsciously skewed to some degree. People will highlight certain things and downplay others, consistent with their bias, both in what they say and in what they hear. This unconscious skew poses a limit on performance.

The ability to put such biases on the table and then set them aside allows both parties to work more effectively in service of what's possible for the project. While it is clear that this makes a difference at the start of a project, as the project progresses additional biases will undoubtedly surface. It is vital that the commitment to open, honest and timely communication is cultivated and tended to over the term of the contract. Scheduled partnering sessions with frank discussions on each of the party's performance measures will support a structured facilitation of these communication barriers.

Establishing a solution-oriented framework for working together

Creating mechanisms to surface problems and setbacks, regardless of the magnitude, leads to timely resolution. In addition, determining in advance how to deal with situations when project parties come to an impasse allows for productive action rather than ending up with each partner reaching for the contract.

Such problems can then become defining moments in the success of a project. Renewing the commitment to project success, to each party's success and to open, honest and timely communication creates an environment of engagement in which innovative ways of addressing issues can be created and implemented.

Conclusion:

Extraordinary outcomes in P3 projects are strongly correlated with how the people on the project collaborate. To maximize performance:

- Establish alignment and commitment to each other's success
- Create commitment to, and practices for, open, honest and timely communication
- Be proactively prepared for any inevitable challenges when they arise

The "partnership" aspect of P3 projects is not the "soft" side of project success. As people in both public and private enterprises comment, it is often the hardest aspect to deal with. Generating such commitments at the beginning of and, more importantly, over the term of the contract is critical to extraordinary project performance. Ultimately, the success of any partnership, including a public-private partnership, is based on the success of both partners, and not on the success of one partner benefiting at the expense of the other.