

Starring alliance

How do you successfully integrate 've competing companies to work on a series of major infrastructure projects?

By Louis White



Large infrastructure projects are big, messy, expensive and highly-sought after by contractors. They are inevitably in the political arena because of their size, and the disruption they cause, and they are usually too big and too risky to entrust to one company.

The conventional solution is to let the contract to a joint venture composed of several contractors, each contributing capital, expertise and management. The joint venture isn't an ideal solution, just the one most often used. Problems include adequacy of capital, (capital made available to the JV reduces the capital available to the partners). Management power is in proportion to capital invested, as in any company, and the fact that the JV company is created for one single purpose, and is then rolled-up, makes for peculiar and complex tax repercussions, and can be personally disrupting for the staff who man the JV – there may be no job to go back to.

A new trend in managing major contracting works is the Alliance.

Some tenders for major infrastructure development are now being awarded to winning bids made by an alliance of companies, who are not combined in a formal joint venture company. Alliances, like Joint Ventures, have multiple partners and therefore the risks of clashing agendas, complex working structures, different cultures, objectives, capabilities and egos – not to mention multiple bottom lines that all need protecting.

How can such an alliance work successfully? What are the factors that need to be managed to maintain harmony? What compromises are necessary? How can each member not let the one big project, which is using vast resources, dominate and take

the focus away from the business's other projects?

Some of the answers to these questions may be found in the alliance that is overseeing a huge infrastructure program in Queensland.

In August 2005, Queensland Rail (QR) decided to build \$82 billion worth of road, transport, water, energy, health, education and community infrastructure.

The projects include 28 new rail links, 144km of new track and 44 new trains over the next 20 years.

In June 2006 an Alliance Agreement was signed between QR, Thiess, United Group, Maunsell/AECOM and Connell Wagner, and TrackStar Alliance began life a month later with 120 designers, constructors, rail engineers and support staff in offices on the edge of Brisbane's CBD. Today, that figure is 400, and growing.

TrackStar's brief was to design, price and build an initial four rail projects valued at around \$700 million over the following six years.

TrackStar Alliance is not a company. It may have offices, car parking spaces, computers, and people working at desks, but no-one works for TrackStar Alliance. It is a virtual company and has no Australian Business Number.

Alliance Manager, Mike Zambelli, an employee of partner Thiess, has a significant role to play in the smooth running of the various projects. "This is the fourth alliance I have worked on and they have all been successful," he says.

The key to the alliances' success is communication and the ability to understand each parent company's needs and wants.

"My role is one of coordination, meeting with the five parent companies regularly,"

says Zambelli. "You have to try and be impartial, take away the biases and have a clear mindset."

"The alliance members have constant communication and meetings to ensure that everything is on track. By pulling all the different divisions of the project together, instead of allowing them to work to their own agendas, it makes for a more uniform outlook."

Martina Sheehan, Relationship and Performance Manager for TrackStar Alliance – and a director of her own company that specialises in changing organisational mindsets, agrees. "It is important to think as one team," she says.

"The key is the mindset, so people aren't thinking like they are a contractor, or in a joint venture, but that they are working as one team with one common goal." Money talks, and one common barrier to successful partnerships is the jealousy surrounding who is making how much money. One aspect that has helped tremendously in the dealings of the five parent members of TrackStar Alliance has been the financial transparency arrangements agreed to before any work started.

"Every parent company knows exactly what each other parent company will make in terms of profit from each project and that is a big barrier broken down," explains Zambelli.

Tim Ripper, program director for QR, is a firm believer in the value of alliances and sees them becoming increasingly the way forward for the integrated delivery of larger projects, to the benefit of the companies involved.

In a little over a year the team has more than doubled in size. Proof of the alliance's success came with the delivery of the first rail project and a project saving of \$52 million.

"Through innovation we have been able to deliver on time and budget," Zambelli says. "The key to the savings is in the bidding process," Ripper said. "In most projects companies put in estimated building costs and these can escalate according to various variables that occur on a development. By aligning resources and everyone putting their costs and profits up front, it allows each parent company to concentrate on the task at hand."

In the real world, talking about collaboration and getting people to work together are two different things. The alliance has used a number of techniques to encourage integration.

TrackStar Alliance chose to have staff from all five companies work out of the one office. This was a big step to breaking down

some of the usual barriers to successful integration. The close proximity to each other of designers, constructors, engineers and managers has allowed each group to understand first hand the difficulties they all face.

Another collaborative technique was the creation of TrackStar clothing. When working at the alliance headquarters, staff wear specially-designed clothing, identifying them as members of the same team.

With new staff coming on board regularly, management has a briefing every fortnight for new team members and, once every six months all the employees spend a day together undertaking new project tasks and working in different groups.

"Those days are important for the company as it helps break down barriers and allows people to interact that normally wouldn't work closely together," says Sheehan.

'Everyone can't be up everyday of the week/month/year so it is important to allow

for that in your scheduling because ebbs and flows in the workplace are normal.' The burgeoning amount of project work also allows other companies to enter the fray if needed.

"It is a pretty flexible contract so if we need other companies and we want to take on new projects then we can do so upon consulting with each of the five parent companies," Zambelli stated. "It must be remembered that each of the parent companies has work outside of the TrackStar Alliance projects so we need to be flexible."

"Entering into the alliance was a smart business decision," Ripper added. "At the end of the day, we are seeing a great outcome for commuters in South-East Queensland with a top-quality rail service built on time and to budget."

The evidence seems to be pointing in that direction too.

