

The human factor

Karen Fletcher reviews an important new publication that highlights poor management as the root cause of problems in the construction industry – and how we might set about putting things right.

Charles O’Neil doesn’t pull his punches when describing the problems faced by the global construction industry in his recently-published book ‘Global Construction Success’. Writing about the value of learning from mistakes, O’Neil says of construction:

“Once may be OK, but what is not acceptable is to make the same mistakes repeatedly, yet this is exactly what has been occurring in the construction industry for at least the last 40 years that this author has been involved with major projects and certainly it has been going on considerably longer.”

The bluntness is less surprising perhaps when you consider that O’Neil began life on an Australian sheep and cattle farm, before working his way through a career that saw him welding and building steel yards and sheds on farms. From those beginnings O’Neil, who now specialises in risk management and dispute resolution in construction projects around the world, eventually found himself examining projects that had gone wrong, trying to find out why.

“In 2008 I was asked to investigate why a €300 million highway project cost more than €600 million and how two major companies in joint venture could get it so horribly wrong,” he writes in the preface to the book.

This project whetted O’Neil’s appetite for looking at the causes of construction project failures – and why it happens with such regularity. His conclusion sends a stark message to the global construction sector: “It became very apparent that in virtually every case, the real cause was human behaviour at some level of the decision making or implementation stage. In most cases it was at senior management level.”

The book is a project borne out of frustration that undoubtedly many in the UK industry will share. However, it is also a practical work. O’Neil and 17 contributing authors offer insights into how the industry can learn and improve – removing obstacles to success, ending abuse of supply chains, managing risk better.

And while there is an examination of what can go wrong in construction projects, the publication does highlight what makes projects successful. Without giving too much away, competent leadership and professional teams play a major role, along with professional consultants and efficient subcontractors.

When asked about management skills in construction, O’Neil thinks there must be a balance between formal business training and industry know-how. Speaking to MBS, he says: “The best CEOs I have seen, in several countries, have been construction people that have undertaken formal training in finance and advanced commercial management.”

The problem with simply appointing accountants to the top construction jobs, he says, is that they just don't get construction. "Some of the problem is understanding the culture, but mostly it is a 'feel' thing for what will be a good project, or what will be a risky one outside the resources and expertise of the company. And then being able to walk onto a major project site and quickly understand what the situation is."

O'Neil admits this might sound a bit old-fashioned, but he reasons: "Construction people down the ranks, on sites and in regional offices, are renowned for their optimism bias when reporting and for wanting to sort things out themselves rather than call in the weight of the bigger team from Head Office." Unless management understands this, it's easy to end up with projects that run out of control.

In an ideal world, O'Neil believes that shortly after completing their first degree or qualification, young professionals should do a degree or course in finance or commerce. "At Bilfinger Project Investments we had a mandatory requirement that new management trainees had to have professional qualifications in a construction field, plus a minimum of two years on sites, plus a degree or recognised qualification in finance or commerce. And we had no shortage of applicants each year."

Training could also help to solve the problem of 'silo thinking' in the industry, with greater emphasis on construction professionals such as architects, engineers, Qs and others understanding more about roles other than their own specialism.

"I have a real concern with the UK training system for construction professionals who have ambitions to become senior managers. Their basic training is excellent, but then they get put into silos and asked to concentrate on their job and that is that. To become a really competent project manager and then progress up the ladder into a senior management role I believe that you need a fundamental knowledge and understanding of the other roles as well as your own specialty. That is the system under which I learnt in Australia in the seventies, so if someone was on holidays or off sick then we could just step in and do their job for them while they were away. It was expected," says O'Neil.

Solving the problems of construction is not an easy task, because they are deep-rooted and so common that they almost go unnoticed. But with so much to gain, and so little to lose (except low margins, poor performance and a risky industry) there seem to be fewer reasons than ever to simply carry on as usual.

Global construction success

Edited by Charles O'Neil with contribution from 17 industry leaders

Published by Wiley Blackwell

ISBN: 978-1-119-44025-3