

ASIA PACIFIC AS A MAJOR PROJECTS GROWTH AREA.

CAN WE BE THE SMART REGION?

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ABSTRACT

The Asia Pacific region continues to promise opportunity for major projects, but the real opportunities are sometimes difficult to identify.

Those opportunities that do exist however are prime targets for this region to develop. Our separation from the USA and Europe, which at times can be our disadvantage, can be a key element in our success in the region.

How do we capitalise on this situation?

KEYWORDS

Major Projects, Opportunities, Advantages, Asia Pacific region, Success Factors

INTRODUCTION

S_M_A_R_T, the theme of this conference: –

Stated,
Measurable,
Agreed,
Realistic,
Timely

If asked, most of us would say this is how we run our businesses and how we believe we approach winning and doing our major projects in the Region

But the development personality in each of us puts pressure on each of these SMART components when we get into competition. Just like trying to hit the golf ball or tennis ball too hard I am sure we are tempted to sometimes embellish or exaggerate our retelling of achievements and capabilities.

Sometimes we don't so much exaggerate, as portray or envisage our potential or our ideal future and tell others about it, as if we are doing it rather than striving for it, because we believe that most things are achievable. Project Managers must have some degree of in-built optimism. It is what keeps us driving for those improved project outcomes.

So, in the context of this business development pressure, how do we really perform?

Regardless of the minor details and war stories the insiders can tell, as a group we have delivered some great projects. Let me give two examples that demonstrate our potential to be leaders in the region. I know there are many others.

The first is a personal example. The Kutubu Oil Export project in PNG.

Image building a 500 millimetre diameter oil pipeline, some 220 kilometres long from the Southern Highlands of PNG at 1000 metres elevation through 180 kilometres of karst limestone country with pinnacles and sink holes, along a route without any roads within 50 kilometres, through tropical rainforests and across raging rivers, to the Gulf Province to then start on a 40 kilometre journey along the centre of the Kikori River and 20 kilometres out into the Gulf of Papua, there to build a platform and single point mooring buoy, and to build it all in less than 2 years.

It was done, on time, below budget, and it worked from day 1. It exceeded expectations. It was a job for Chevron Petroleum. It was well planned; money was invested in the planning phases for 2 years before construction started.

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The total cost at the time was US\$1b in 1990 dollars, which was by the way, much closer to \$1 billion Australian than it is today.

It became Chevron's benchmark project for remote areas worldwide. Some of our people are still travelling the world with Chevron doing their projects with them. The delivery teams were largely Australian.

This was a unique job. It was difficult. It was first of its kind in PNG. But the team had an unwavering belief in their ability to deliver and the client shared that belief. It was a project well away from the public eye and most people have never heard of it. It was definitely a SMART project

The second example was completed 10 years later and except for being involved in an associated project I can only recount my impressions as an observer, and this of course was the Sydney Olympics. A very different project and an undertaking with possibly the highest profile any project is likely to have. Totally exposed to the public.

To the outsider and observer and to those who attended the Games, in all respects they were a spectacular success as a project. Those participants associated with its development and delivery are seen to be the "experts" for future events. The benchmark by which others will be judged, to the point that their reputation has seen them involved in the Asian games in Qatar, and the Olympics in both Athens, and in Beijing. Being involved in Atlanta is no longer an advantage. Being involved in the Sydney Olympics is the benchmark for those marketing to the world. Again, this must be judged a SMART project.

The clear message is – good projects usually lead to future opportunities. We have a catalogue and history of such projects and can build on our successes. Clients want to be associated with acknowledged winners.

So – we have done SMART projects. Now what about growth and working in the wider Asia Pacific region?

Growth

Our region is one of growth. Opportunities like the above 2 examples abound in the Asia Pacific Region. The region has had its economic flat spots and world economies are unsettled as we speak, but the Asia Pacific has a significant population which requires infrastructure at a number of levels.

At one level, affluence is increasing, and the Asia Pacific region will continue to invest in the infrastructure to service that affluence, generally in the building area, but also in the utilities area. Projects in excess of US\$1 billion are being planned in Singapore and Hong Kong in the water area

At another level the Western world and regional governments are also acknowledging and funding the basic infrastructure needed for acceptable levels of public health and to support growth itself, particularly water, sanitation

and transport. China is the largest potential water project area today. Both basic water and wastewater developments are needed in China and in many developing countries in Asia Pacific.

And at yet another level many parts of Asia are seen to be preferred manufacturing centres for the world with European and American multinationals investing heavily. This private investment in manufacturing facilities in turn encourages other industries to invest – hydrocarbons & petrochemical complexes follow in support of these developments.

These are the growth opportunities – they are real and they span a wide cross section of our skill base.

What is our role in these opportunities?

We have the capability and skills and we are situated to be preferred providers to support this growth. We have the people and the company's to lead this work – collectively we have done it and done it well. We have an opportunity to do much better than we did in the 80's when Australian Companies played a significant role in the development of a number of South East Asian Countries, but in most cases lost momentum and position.

Before I move on, I might just take a few moments to give you my observations as to why I believe we are well placed in this region and what makes this region, and in particular our opportunities in Asia Pacific what they are.

Firstly: Distance.

I believe that distance, the issue of time zones and jet lag and commuting times, that once was seen as a problem, has actually created an opportunity. I believe that the separation, which we each face when travelling to America or Europe, and which may be only 14 hours non stop or 24 hours, both allows and encourages us to take the best of Europe and the best of North America, examine and even challenge the basics, and develop solutions and approaches that suit the region. Our own population and economy generally do not allow us to undertake the R&D that the large affluent population bases of Europe and America can afford, but equally we are not tied to those solutions either – we can pick and chose and adapt for the circumstances.

The second aspect is culture.

I believe that generally as companies we are non-threatening – some personalities aside. The Europeans and Americans come to the region with political and historical baggage, some good and some not so good. Their companies are often very large and their influence is often seen as significant. There may be times when this carries weight when government to government deals are done, but often this is not the case. While some of our companies working in the region are large, I do not believe they represent the same 'threat' as the larger European or American companies.

Of course, at times, it is the European and American multinational corporations that lead the way in infrastructure investment, both in utilities and

manufacturing, but when they do this opens another opportunity for us, which I will discuss later.

My experience is also that the average Australian and New Zealander mixes well in the region. As individuals, we tend to be non-threatening. There are always exceptions, but this is my observation.

The third is our acceptance and adaptability. I believe that our location and diversity gives us an ability to better understand and accept other cultures, This applies particularly to those people who are interested in travel. It is a common experience for many of us when we are young, driven by and conditioned by our remoteness, to travel and sample what the world has to offer. We then bring those work and personal experiences back here with us to apply both consciously and unconsciously in our own work and businesses.

So given that we can take and adapt the world's best technologies and approaches into a region we understand and where we generally are accepted – lets look at the question – can we be the SMART region.

I believe we can be, but to secure this position we need to look at and understand our advantages and disadvantages.

What are our chances of achieving this goal?

Are we already doing it?

What are our advantages? I have covered some of these before but let's look at them now.

Overall we have the **ability to adapt to a situation**. This adaptation allows us to innovate and be responsive to the opportunities as individuals and companies.

We have the ability to listen both to business needs and cultural issues.

We usually do not come with preconceived ideas.

We usually try to understand the issue before solving a problem.

If we don't do this we had best learn these skills quickly if we want to succeed.

Working in the same time zones. This cannot be underestimated. While global linkages allows some work to be progressed 24 hours/day, there is no substitute for telephone conversations during normal working times rather than the AM or PM window of opportunity. And for those who travel regularly isn't it easier to adapt to the 2 hour time zone change than the 8 hour or 10 hour changes others have to accommodate if they want to work in the Region.

Non-threatening.

I have covered this before. Both corporately and personally I believe this is an important aspect of doing business in the region and we need to be aware of this issue when making our team selections.

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Our people are generally accepted as **technically comparable** with Europeans or Americas

This is a broad statement, but outside of very special areas, we are seen to be technically and academically well qualified, and clients in the region accept and acknowledge that expertise.

So,

We have a culture of **innovation**

We have built a reputation for **getting things done** without drama

We don't spend hours talking about things.

We are **value for money** on the world scene.

We are prepared to **adapt delivery methods**.

I believe we are prepared to **form meaningful relationships** with local companies.

What are our **disadvantages?**

We tend to be competitive and individualistic

Companies have a history of competing fiercely against each other both domestically and overseas, although the trend to joint ventures is increasing. We cannot be all things to all people. The region is diverse. We have a number of choices in this area. We can either pick a small niche market and be self contained and very focussed, or we can learn to build relationships that create a broader skills and capability base.

I remember a number of years ago when the lowest 3 tenders for a Singapore infrastructure project were all Australian Companies. I am not sure that such a situation helps us achieve our SMART target. It puts extreme pressure on Realistic as we fight each other for the win.

We do not have the **multi national connections** we need to have. As stated earlier, a recognised source of investment is the multinationals, building utility and manufacturing infrastructure. Some of these multinationals have established regional headquarters, which gives us access to them and their investment programs. Many however still make central decisions on such matters as project delivery. If we are to be part of that delivery we have to make contacts and understand their needs and demonstrate an ability to deliver, otherwise a sector of the market is denied to us.

Lastly, we must not forget that at times we need to **educate clients** that SMART is valuable. That an ordered approach gives secure results and that investment in planning plays dividends in delivery.

What are our chances of achieving the position of the SMART region?

I think very well if we are prepared to make the investment. Over and over again it is bourn out that the company that makes the investment, understands the needs and puts its best people on the job win the work. Half those who bid should have saved their money. They were never going to win.

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This approach directly relates to work in the region. The same rules apply. Business is business. There may be protocols and customers but the basics are the same. The client must have money (preferably not our money), the opportunities must be real, and we must not encourage the promoters who have no money and no real influence. Such promoters (and there are many in the Asia Pacific Region) dilute our focus, and by that they reduce the money we have available to pursue and develop the real work. There is the temptation that we should get involved in things that we just would not even consider in our local businesses. If we have to be SMART in developing our region this discipline is a good place to start.

Companies that have had a long-term plan and vision, that have a target market, that know what drives their businesses, will be the leaders in a sustained successful business in the region.

For those who have read Jim Collins book "Good to Great" you will know what I am talking about. For those who have not I would strongly recommend it. The basics of good business are simple to understand but not easy to achieve in the day to day challenges managers have to face. The same principles apply to business as they do to project development and delivery.

So, we are in the right place geographically. If we each invest the time to identify our own advantages and disadvantages we are well on the way to achieving success.

I have no doubt that we have the opportunity to be the leaders in the SMART Region, one which has significant growth potential across all infrastructure and service areas.

So, all that is left to answer is "Are you ready for the challenge?"

Thank You