

## The Management of Major Programmes: The Problems and Their Causes

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**Abstract:** *This article is based on a talk that was given at the social sciences subject family event in February 2011. It explains the concept of major programmes and why they are not just big projects, but large temporary organisations that require specific management capabilities. The paper focuses on popular programmes, their problems and the common causes of these.*

### Introduction

A desire for notoriety and monumentality has led to a growth in projects that are technologically and physically challenging. There is a long seated desire to continually push the boundaries and advance on previous achievements. Globalisation has created a much larger stage on which to show case talent and innovators and financiers seeking new ways to leave lasting legacies. These legacies tend to be of a transformational nature and require involvement from both the public and private sectors at large. The transformations that major programmes are created to enact focus on altering the daily practices of the public for some perceived benefit and the private sector is involved as its capabilities are required to realise these benefits. Examples of infamous public-private endeavours from around the world are: the Channel Tunnel, Crossrail, China High Speed Rail Link (HSR), the Brooklyn Bridge and the Empire State Building. Flyvbjerg (2012) makes reference to four drivers on which initiators seek notoriety and calls them the four sublimés; the political sublime – a driver that will achieve political advantage, the technological sublime - a driver that pushes the boundaries of known science, the economic sublime – a driver that improves the financial benefits of the wider environment and the

aesthetic sublime – a driver that creates a global landmark (the Brooklyn bridge or Guggenheim museum for example). Major programmes tend to incorporate more than one of these sublimés and their implementation leaves behind not only a lasting physical impression but also a financial one; these impressions are not always positive.

### What are Major Programmes?

Major programmes can be distinguished from projects by an examination of their composition. If the vision being implemented requires a new organisation to be formed for the purposes of delivery, is expected to last more than five years, costs approximately £1 billion, somehow transforms the usual practices of the users and does not have clear units on which to measure the expected benefits at completion, then it's a major programme; some examples would be: the Channel Tunnel, the Olympics or the National Programme for IT. Un-quantifiable benefits are a common reason for less than favourable reports, but this is only one factor and there are more fundamental reasons underlying programme failure.

As major programmes encompass many projects and run across industries, they can require collaboration between

different sectors, industrial competitors and even countries. This forced collaboration introduces social and legal complexity into an already ambitious programme and creates a disquiet that is the most obvious indicator of an organisations harmony or disharmony. This indicator however provides a further cloaking of shaky foundations, which is where the problems really begin.

### Causes of Programme Failure

Flyvbjerg (2008) uses the terms strategic misrepresentation and optimism bias to identify the traits common in programme start-ups that are responsible for programme failure. Strategic misrepresentation is used to refer to situations where project promoters; politicians, financiers or engineers oversell the benefits and understate the costs in order to influence the decision to proceed. Optimism bias is the term used to represent the characteristic of seeing the world through rose tinted glasses and intentionally or unintentionally underestimating the task to be delivered. These both play a role in the cost and time over runs of programmes widely reported in the media.

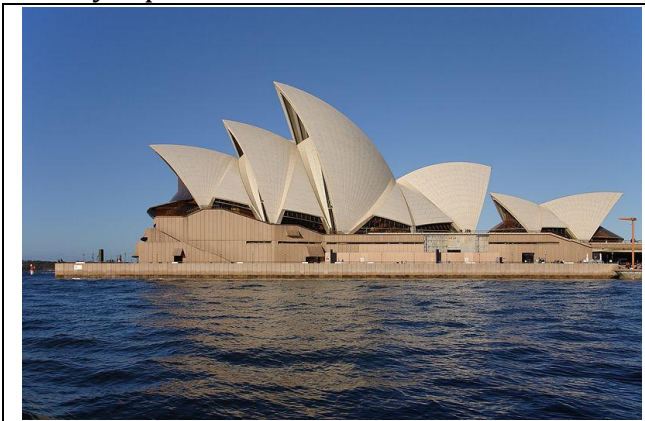


Figure 1. The Sydney Opera House. Image from [1].

A popular programme that had significant negative media coverage was the Sydney Opera House (see figure 1). The Opera House was the ambitious design of architect Jorn Utzon in the 1950's. Joe Cahill, the Prime minister of New South Wales,

championed its construction. (Myers 1998) To ensure a lasting legacy was created, Cahill strategically misrepresented the overall cost to obtain approval. The cost of the structure rose as the ambitious design was erected and the designer Utzon bore the brunt of the public's anger over the spiralling costs. When it was finally opened, it was six years behind schedule and cost ten times the original budget. (Murray, 2004, p. xii) The cost overrun of the Sydney Opera House is one of the highest reported increases, coming in at a staggering 1,400%. (Flyvbjerg 2003)

Another more recent programme that has varying reports of success is the Channel Tunnel. The objective of this programme was to create a high-speed rail link between France and the UK. The Channel tunnel was delivered at a cost 80% above that expected at £4,650 million. (Flyvbjerg, 2003, p. 12) This huge cost overrun however is not surprising and a review of overrunning costs in transport infrastructure uncovers that nine out of ten infrastructure programmes experience this. (Flyvbjerg et al. 2004, p. 3)

### Addressing Programme Failure

The collection and availability of data from previous programmes allows comparisons and predictions to be made of the likely outcome of new programmes, thereby reducing optimism bias and reducing the scope for strategically misrepresented proposals. Flyvbjerg (2008) terms these groups of specific industry data, 'Reference Class Forecasts' and has created a formula that can be used to uplift the cost of the programme dependent on a number of programme factors. This formula for uplift has been applied in the Crossrail programme, currently the largest infrastructure programme in Europe which is now being implemented across Greater London and is scheduled to be completed in 2018. The success of this is not yet known, however

judging by the outcome of previous programmes, without this cost uplift, the programme would have been expected to overshoot the original budget by a considerable sum. The use of previous example programmes on which to base the expected performance can only happen however if data is consistently and continually captured and those tasked with running major programmes the practitioners, approvers and financiers, especially those tasked with spending public funds, are equipped with the skills to instantiate and seek out this information.

Instantiating programmes based on misrepresentation and optimism bias are common causes of the programme issues that manifest in later programme life, but these are not the only issues. Another factor is the lack of stakeholder engagement. The level to which stakeholders have been engaged and are able to voice their requirements and concerns plays a large part in perceived programme success, regardless of the performance metrics used. The task of stakeholder engagement is an ongoing one that is essentially a balancing act between the wishes of the financiers, the executors and the end users. One defining criterion of major programmes is that their requirements are not defined at the outset, this means that changes occurring due to later clarification can increase or decrease any stakeholders groups identified and this fluidity in recognising interest happens over the lifetime of the programme. The monitoring of affected or interested parties is a continual process and requires sustained communication using language appropriate to the target audience. Ongoing engagement is crucial to obtain the buy-in required to keep the programme feasible, the benefits relevant and reasoning accepted. Stakeholder scrutiny and the late gathering of user requirements can damage and sometimes significantly change the proposed

developments of a programme as in the case of the F-35 Joint Strike Fighter (a new defence aircraft). Following a number of requirement changes and delays between 2002 and 2009, the F-35 had a budgetary increase of \$100 billion. (Gertler, 2010, p. 9)

### **Benefits of Studying Major Programme Management**

Due to the reputations involved and the huge sums of money at stake the study into the management of major programmes by practitioners is imperative if lessons from prior programmes across industry sectors are to be utilised positively. Major programme organisations require different industries, specialisms and cultures be brought together to achieve something unprecedented. The artificially created environment of the major programme is one which requires a multitude of management skills; law, engineering, political strategising, organisational design and performance and risk mitigation amongst others and only by becoming familiar with the problems of previous programmes and their causes can practitioners hope to implement methodologies to alleviate or minimise their impact.

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