

Project Manager

T O D A Y

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Powering project management

EDF Energy has introduced a new, project management framework that encompasses every area of the company, including engineering projects, where activity-based project management was already firmly embedded. The objective has been to provide a step change, not only to help the company choose the right projects for the business, but also to improve change and benefits management.

Ken Lane talked to **Dolores Wolfe** and **Barry Hatton** about the EDF Energy Project Way (EEPW) to see how it is affecting the way that programmes and projects are delivered in a company that has 7.8 million customers.



Dolores Wolfe



Barry Hatton

EDF Energy has responsibility for providing the energy that will power the 2012 Olympics, and its project framework, aimed at doing the 'right projects, in the right way, with the right skills', will help underpin their contribution.

However, the EDF Energy Project Way (EEPW) was inspired, not by Olympic ambitions, but from a need to get a better way of supporting the vast range of projects undertaken by a group that provides power to a quarter of the UK's population, and is a key player in managing private electrical networks.

As the first Eurostar passengers left St Pancras on the new high-speed link to the Channel Tunnel last year, it was EDF Energy that helped slice the journey time between London and Paris.

Engineering projects are meat and drink to EDF Energy, so what could this part of the business gain from a review of project management processes? After all, these are the projects that have been activity-driven, with strong plans and processes, and constrained by contractual relationships. Barry Hatton, director, Capital Programme, EDF Energy Networks, has the answer in just three words: 'a common language'.

He explains that, as a result of introducing the EDF Energy Project Way, everyone in the organisation now understands, for example, that a Gate A review concerns the project mandate. This is true even if the project resides in a very different part of the business: it will mean the same thing in an IT, or business change project, as it would in an engineering project.

A common purpose

The EDF Energy Project Way has also provided a means of integrating working practices across the business. The current Networks Branch organisation, for instance, encompasses three former electricity boards that not only had their own cultures and working practices for engineering projects, but also dealt with projects of very different scales.

Barry's role is to design and deliver the £2 billion capital investment programme over the five-year period from 2005–10. It is a 70% increase in investment over the previous period and has presented a considerable challenge.

Despite our focus as a nation on reducing energy, demand for electricity is still rising, hence the increase in the capital budget, but this follows a 15-year period following privatisation where there was a steady fall in capital expenditure.

'Now we are turning the corner,' says Barry, 'and we have had to ask ourselves how we manage that volume increase in work, whether our people have the skill sets for it, and, given the importance of delivering to time cost and quality, have we enough people trained to meet these additional demands. We also asked ourselves if the productivity of our existing project managers was good enough and were our processes for identifying the right projects appropriate.'

The supply chain has been of equal concern. EDF Energy's rapid increase in spending has coincided with a substantial increase in capital spending, not just in the UK, but worldwide. This is putting considerable pressure on lead times and the price of materials, as well as placing EDF Energy in competition for skilled resources.

'Gone are the days when you could design and develop a scheme inside a year, get your materials within the year and complete the project in 18 months', he says.

'The expanding Indian and Chinese economies are absorbing vast quantities of materials and though we have been aggregating our purchases, we are a small player in the world market.' For some projects, three-year lead times are not uncommon.



EDF Energy provides the power for many large-scale consumers including power to run the Docklands Light Railway.

Working together

They are now three years into the programme and over that period there has been a gradual build-up in momentum. You can't spend £2 billion on day one! Last year was a very big step up in activity, not only in delivery, but also in getting the infrastructure in place. 'The introduction of the EDF Energy Project Way was one way of improving our project management processes. The other part was putting in place integrated delivery teams,' says Barry.

Previous practice with projects had been to spot tender every piece of work, but the volume and nature of the new project streams required a different approach.

'We had been looking at experience in other industries. In particular we studied Heathrow Terminal 5, with its use of the New Engineering Contract, which encourages good project management practice. This seemed to be aiding delivery of large and complex projects.

'Re-tendering every piece of work is wasteful, particularly in an industry like ours where there is a limited choice of specialist contractors. So we have shifted our procurement approach towards longer-term contract arrangements using a target pricing mechanism.'

Common understanding

Barry says that the EDF Energy Project Way played an important part in setting a common language and he says it has been very successful in doing so. It's a sentiment that is shared by Dolores Wolfe, head of Portfolio Management & Governance.

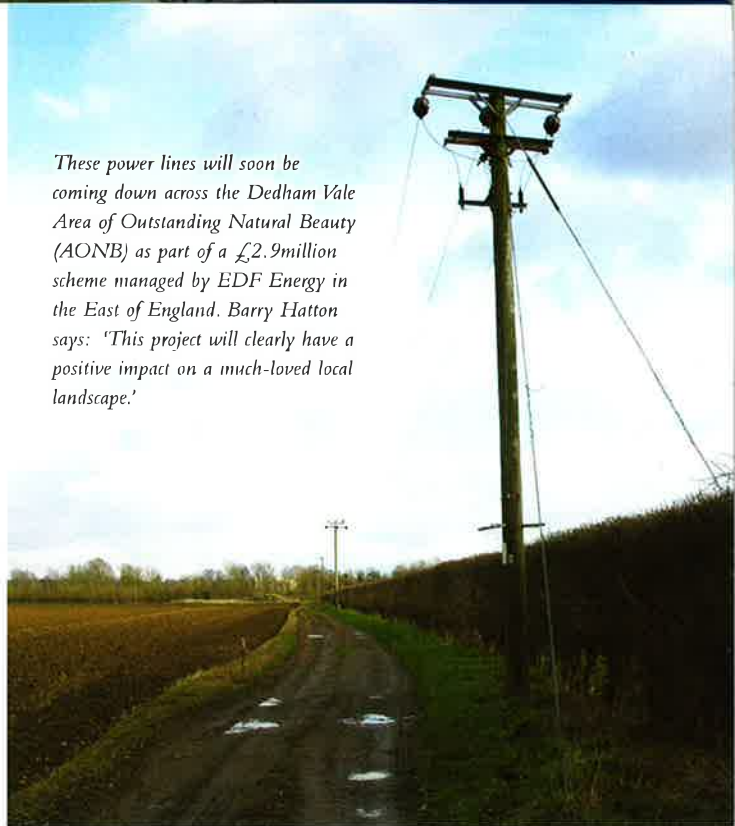
Dolores and her team are responsible for helping to embed the EDF Energy Project Way throughout the company. She says that they needed a common language and approach to allow everyone in the business to understand how projects are assessed and delivered, not just for capital engineering programmes, but also for delivering and managing business-change projects

The introduction of an EDF Energy company-wide approach for project management has also meant that they can begin to offer a clearer career path for project people. This is good news for those people they are currently recruiting within project management. In Networks the emphasis is on recruiting project managers with an engineering background. They are certainly needed as the Networks Branch currently has a portfolio of about 850 projects.

Total involvement

Dolores has first-hand experience as a project manager, first with London Electricity (LE)

These power lines will soon be coming down across the Dedham Vale Area of Outstanding Natural Beauty (AONB) as part of a £2.9million scheme managed by EDF Energy in the East of England. Barry Hatton says: 'This project will clearly have a positive impact on a much-loved local landscape.'



in 1998 and then with EDF when they bought LE in 2000. She was then involved with some of the larger integration projects that stemmed from acquisitions from 2001 onwards.

'I have spent 10 years involved in major business change programmes and it is clear to me that today's emphasis on outcomes rather than outputs is very important. It is, of course, one of the messages of OGC's Managing Successful Programmes (MSP) guidance,' she says.

'During that same period, the company transformed from a regional electricity company to a national company – EDF Energy. Not only do we distribute electricity and sell electricity and gas, but we also generate power and trade it as well. So we are now working the whole supply chain.'

She says that merging different businesses together wasn't easy, but they have successfully created an integrated business where regional differences have all but disappeared.

There have been cultural changes on the way as well. Global warming is now top of the agenda and EDF Energy is committed to a sustainable environment whether in the production of power or its usage in their own facilities. The paperless office is a major goal and one reason why the EDF Energy Project Way (EEPW) exists in an online environment.

Led from the top

The drive for the 'EDF Energy Project Way' came from top management. There was a recognition at EDF Energy that project management is a core profession – with its own skill sets – and is on a par with chartered accountants and engineers.

Dolores is proud of the fact that EDF Energy has recognised the importance of project management and is at the cutting edge of putting it into practice. 'It's a lesson that many companies have yet to learn,' she says. 'If we are spending millions of pounds on projects, then we ought to employ people who know what they are doing.'



A 132,000 volt porcelain insulator is carefully removed during dismantlement works to make way for new cutting-edge switchgear at EDF Energy's St John's Wood substation

'In our EEPW Academy we are developing the concept of a project management community to provide networking and shared experiences.

'It is important to share experiences across our business, so, for example, when our training partner – The Projects Group plc (TPG) – runs a PRINCE2 course, for instance, we will try to mix delegates from different parts of the business so that they can network and also reflect concerns that emerge from their different perspectives of the business.'

She says that TPG was chosen as training partner because of their ability to cover every area and qualification within project management. 'Their managing director, Adrian Dooley, and his team are as passionate about project management as we are.

'As a project manager you don't have much time to spend on training, so we are very pleased with the TPG concept of mapping an individual project manager's training to ensure that, once they have covered a topic, they don't have to repeat it if they decide to take another qualification with that topic in its syllabus.

'We are very keen on our links with the Association for Project Management (APM) and are encouraging our people to use the benefits we get from being a corporate member of APM.

'We started EEPW as a project in its own right. For the last 12 months my team has been focused on helping embed it into our business, culture and processes. It is being run as an online environment, so users can download governance documents as well as the methodology, which includes templates, overviews and an online PRINCE2 manual.

'We also have the EEPW Academy online where our people can find out about courses and other resources, as well as events through which we are encouraging the development of a professional community.'

It is not sufficient just to provide resources. The culture and environment also have to

support good project management. So EDF Energy has taken pains to ensure that people understand their responsibilities within project sponsorship, governance and project boards. All senior managers, for instance, have been on a half-day in-house project sponsor's course. So they know that a sponsor is much more than the chair of an occasional meeting.

Practical benefits

Barry comments that EDF Energy Project Way has already shown up benefits for the business. For example, lessons learned on a project are now more likely to be fed back into other similar projects and at an earlier stage than before. He says: 'It has also brought an incredible level of consistency in the way that documentation has been prepared and produced. Another process that has worked well, but took a while to bed down, is the production of RAID (Risk; Assumption; Issues; Dependencies) logs. Traditionally, projects have had contingencies. Was there much science behind it? No. What the RAID log does is to concentrate on identifying the problems and what we can do to mitigate them, bringing more precision to the setting of any contingency.' This has helped not just individual projects but with portfolio board in their decision-making about which projects from different areas of the business should go forward.

Dolores says they are now set on the route to even greater project maturity. 'Over the next two years we will be building on the foundations of the EEPW and we will be measuring success by the success of our projects. We will also be enhancing our ability to deliver portfolio management.'

As athletes gear up their training towards 2012, it seems that one of their major sponsors has taken a leaf from the Olympic training manual: go for Gold. But the benefits of implementing their Project Way are likely to last far beyond 2012.

She says: 'We now have a governance structure and a tailored and flexible methodology based on PRINCE2 but also on some of our own internal best practices. As far as PRINCE2 goes we are not just swallowing the book. That can be quite dangerous.'

Barry says that they took a top to bottom approach, concentrating on three main strands: roles and responsibilities, governance, and tools and techniques. He says it was quite a culture change for those in the engineering community as they got to grips with concepts like product-based planning.

Getting a return on investment, ie, doing the right projects, now permeates all projects whether they are concerned with power-station planned maintenance, or providing services to BAA for the four London airports.

Investment is considered at portfolio, programme and project level. Dolores comments: 'What we want people to ask themselves is: "If this were my money would I spend it on this project?" Project managers need to know that the projects they are asked to deliver will add value to the organisation.'

Comprehensive training

EDF Energy has been working with The Projects Group plc (TPG) to develop comprehensive training programmes that meet the needs of a diverse community of project managers from across the business. One of the latest developments is the Project Office management training programme.

Dolores comments: 'In the last year we have put in place the Project Gate approval governance process. It has had strong sponsorship from our chief executive and every part of the business has adopted it. In project management maturity terms I think we have come a long way in a very short time. But these are just the foundations. We need to retain and develop our project managers – we are actively recruiting at the moment and we have no inhibitions about where they come from as long as they are professional project managers.'



Left to right: Cheryl Chan, general manager CHP Operations; Peter Hofman, director of Sustainability; Malcolm Wicks, Minister of State for Energy; Angus Norman, managing director, Sustainable Solutions; and Nicolas Mugnot, Barkantine operations manager. The Minister visited two schemes designed to fight fuel poverty in East London. He visited EDF Energy's Barkantine Heat and Power Company (BHPC) in Tower Hamlets, that provides heat and power to more than 600 homes, and the London Warm Zone based in Newham, which provides access to essential energy-efficiency support services for vulnerable private homeowners and tenants in 17 of the 33 London Boroughs.

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