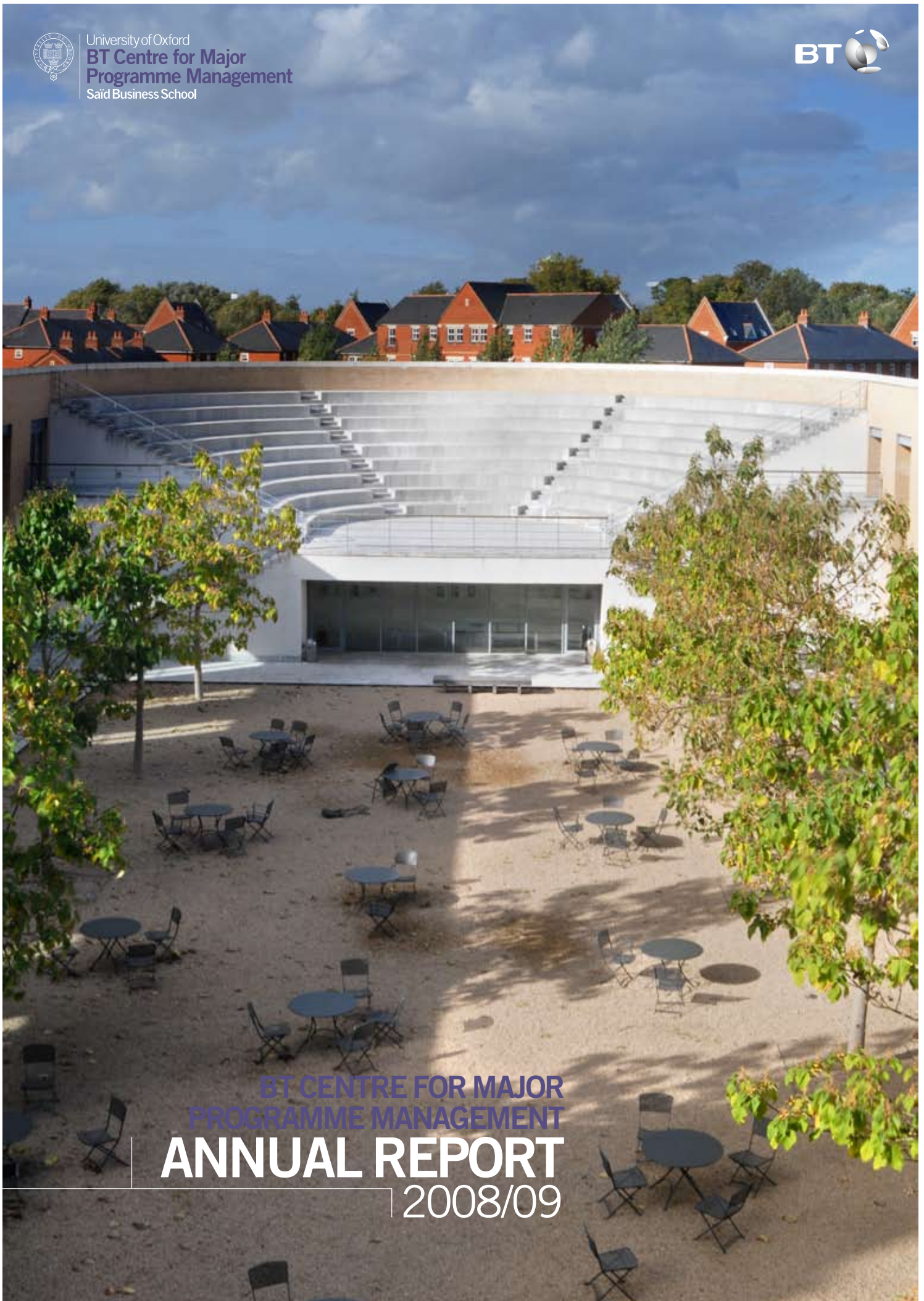




University of Oxford
**BT Centre for Major
Programme Management**
Saïd Business School



**BT CENTRE FOR MAJOR
PROGRAMME MANAGEMENT**
ANNUAL REPORT
| 2008/09

BT CENTRE FOR MAJOR PROGRAMME MANAGEMENT

Major programmes are increasingly important for solving the problems of the 21st Century. Large-scale stimulus spending in transport, ICT, health, etc. has been singled out as a main means to prevent global recession. Many of the toughest environmental challenges – from developing carbon-neutral fuels to preventing floods caused by climate change – are conceived as major programmes. The enterprise systems which are used to run businesses are ever more global in scope. Spending on infrastructure and major programmes is the largest it has ever been as a share of world GDP, prompting *The Economist* to call it "the biggest investment boom in history".

The BT Centre for Major Programme Management is the first research and teaching centre in the world dedicated to pioneering ways of understanding and dealing with these new challenges to major programme management, and helping business, government and civil society meet and overcome them. With so much riding on the success of major programmes internationally, the quality of programmes and of programme delivery is more important than ever.



“THE BT CENTRE BRINGS TOGETHER THE ACADEMIC EXCELLENCE OF THE SAID BUSINESS SCHOOL AND THE WIDE-RANGING EXPERIENCE OF SENIOR PRACTITIONERS IN THIS EMERGING DISCIPLINE. THERE IS AN INCREASING AWARENESS OF THE IMPACT OF MAJOR PROGRAMME MANAGEMENT ON ALL OUR LIVES AND A CONCURRENT INTEREST IN THE RECOGNITION OF THE IMPORTANCE OF THE WORK TO BE DONE BY THIS CENTRE.”

Patrick O'Connell

OUR PURPOSE

The mission of the Centre is to be world-leading in research and teaching on major programme management. We want to develop leaders and scholars who understand the strengths and weaknesses of major programmes and have the knowledge, skills and tools necessary to decide when to, and when not to, execute such programmes, to successfully formulate policies for and to plan, manage and deliver programmes on behalf of business, government and society.

OUR FOCUS

We have embarked on a programme of leading-edge and multi-disciplinary research into major programme management, bringing together expertise in business, policy, engineering, computer science, economics, law, planning, environment and more. The BT Centre will bring together scholars and eminent practitioners from the global business community and government. As well as carrying out research in this field, the Centre will develop a ground-breaking teaching programme which leads to an MSc in Major Programme Management, the first of its kind.

We are creating a community of knowledge of best practice, through research publications, conferences, seminars, workshops and interactions with practitioners and the public, all focused on the theme of major programme management. The Centre emphasises effective communication of its knowledge to business, government and the public.

HOW IS THE CENTRE FUNDED?

The Centre was established through an endowment by BT, which has a track record of delivering large-scale programmes going back several decades.

Further funding for the Centre is raised from research foundations and other funding bodies and from teaching activities.

WHO DIRECTS THE CENTRE?

Professor Dr Bent Flyvbjerg is Director of the Centre and Academic Director of the MSc in Major Programme Management. He is BT Professor and Chair of Major Programme Management at the University of Oxford's Saïd Business School. He is author and co-author of key references in the field of major programme management, including the books *Megaprojects* and *Risk and Decision-Making on Mega-Projects*. His methods for major programme management have been employed in multi-billion-dollar programmes around the world, the largest being London's \$25 billion Crossrail project.

Dr Paul Chapman is Executive Director of the Centre and Director of the MSc in Major Programme Management. He is Fellow in

Operations Management at the Saïd Business School. His research on “super value goods” in the aerospace sector led to improvements in product development and manufacturing, while his research in the retail sector has delivered around US\$1bn in savings. This research is delivered into practice through working with executive teams, particularly inter-organisational ones, and on graduate and Executive Education programmes.

Dr Patrick O'Connell is Practitioner-Director of the BT Centre with many years of experience in managing major programmes. He is President, Major Programme Practice, BT Global Services.

RESEARCH STRATEGY



OUR RESEARCH AND TEACHING FOCUSES ON SUCCESS AND FAILURE IN MAJOR PROGRAMME MANAGEMENT, WITH A VIEW TO DEVELOPING THEORIES OF BOTH. FOR PROGRAMME SUCCESS IN PARTICULAR, WE ARE EXPLORING HOW SUCCESS IS DEFINED, EXPLAINED AND REPLICATED. RESEARCH AND TEACHING ON FAILURE FOCUS ON THREE FUNDAMENTAL QUESTIONS:

- A, WHAT ARE THE PROBLEMS IN MAJOR PROGRAMME MANAGEMENT,
- B, WHAT CAUSES THE PROBLEMS, AND
- C, WHAT ARE POSSIBLE CURES?

Our research and teaching are problem-driven. We chose rigorous research methods appropriate to the problems to be investigated. Research methods include statistical methods, case study research and qualitative methods. Our teaching methods are experiential and didactic, with the emphasis on the former in order to bring out the experience and judgement of participants. Teaching methods include the case method, discussion leadership and problem-based learning. **Our research and teaching are strong on data,** i.e. they are empirically based, with an

emphasis on validity and reliability, in order to document the outcomes in major programme management. Research and teaching are organised mainly around DPhil students, postdocs, research fellows, visiting fellows and existing faculty. Research and teaching engage and include practitioners from government and industry so as to introduce their unique insights and contextual knowledge.

A database will be at the core of our research. It will cover different programme types and contain the following types of data for each programme: context, schedule, size, costs, benefits, risks and viability. Each piece of research in the Centre, including single-case studies, is expected to contribute to the database. The idea is that eventually the Centre, and the individual researcher or research project in the Centre, will have access to data that will enable comparative, statistical study that will benchmark individual programmes against comparable programmes in the database.

Our research and teaching are strong on theory: We test and develop cutting-edge theory to explain outcomes. Theories are drawn from and contribute to multiple disciplines, including, but not limited to, engineering,

economics, planning, computer science, management, finance, policy and law. Research and teaching are strong on solutions, including predict-and-prevent, incentives for success etc, in order to improve outcomes.

Publication outlets for research will be first-rate academic journals and book publishers. Teaching outlets will be a Centre-designed and -run, open MSc in Major Programme Management, aimed at practitioners with at least seven years of work experience. Additional outlets will be custom-made Executive Education and contributions to the Saïd Business School MBA and EMBA.

Our work will impact on policy and practice. We collaborate closely, both in research and teaching, with policy and practitioner communities; and we communicate and disseminate the results to professional communities and the general public through, for example, the MSc, seminars, conferences, specialist publications and national/international media.

THE MSc IN MAJOR PROGRAMME MANAGEMENT

The launch of the MSc in Major Programme Management has been a key achievement for the BT Centre in 2009, and indeed for the Business School as a whole. Perhaps exhibiting our own version of optimism bias, we launched the degree in the midst of the most challenging economic circumstances in recent history, aiming to recruit 20 high quality students who would benefit from the combined teaching and research capabilities of the BT Centre and the Executive Education section of the Business School. Since then, despite the turbulent fiscal climate, the MSc has surpassed expectations and captured imaginations both within and beyond the School. In doing so it has validated both the BT Centre's belief in the need for such a programme and the capability of Oxford to deliver it.

Writing in August 2009, we have received over 60 applications from around the world, enabling a cohort number of close to 30. The modular design of this part-time degree means it has proven attractive to people who are filling demanding roles across a range of sectors from as far

afield as Australia, Asia, USA and Latin America, as well as Europe and the UK.

The quality of applicants has shone through. Applicants range in age from 28-51, with an interesting bi-modal distribution of senior programme leaders who are taking forward major programmes and a younger group of new talent who have at least seven years' experience of delivering projects – an exciting mix that will enrich and challenge each other. In each case, the candidate's chief motivating factor is a desire to underpin a career in the delivery of major programmes. Added to this is recognition that a sense of uncertainty remains over what will happen next with the economy, so many applicants have decided to up-skill as contingency. A classic case of risk management that is natural territory for those in the programme management world!

TEACHING STAFF

The following are Course Leaders on the Centre's MSc in Major Programme Management:

Kate Blackmon, University Lecturer in Operations Management; Fellow and Tutor in Management Studies at Merton

Paul Chapman, Fellow in Operations Management; Executive Director, BT Centre for Major Programme Management; Director, MSc in Major Programme Management

Bent Flyvbjerg, BT Professor and Chair of Major Programme Management; Director, BT Centre for Major Programme Management; Academic Director, MSc in Major Programme Management; Professorial Fellow, St. Anne's College

Lindsay Henshaw, Associate Fellow, Saïd Business School

Eamonn Molloy, Fellow and Tutor in Management at Pembroke

Paolo Quattrone, Reader in Accounting; Official Student of Christ Church

Mari Sako, Professor of Management Studies, Saïd Business School

Janet Smart, Fellow, Saïd Business School.

“INNOVATION AT THE SPEED OF LIFE”

The first annual BT Lecture was delivered by Matt Bross, CEO BT Innovate and BT Group Chief Technology Officer, on 20th January 2009 to a packed lecture theatre.

Matt is responsible for driving and optimising BT's innovation ecosystem. He sets the BT Group technology strategy and the vision and direction of innovation across BT. In his role at BT Matt is responsible for BT's research and venturing efforts globally and is the leading force behind BT's multi-billion pound, 21st Century Network transformation.

Companies looking to thrive in the unpredictable economic climate of the 21st Century need to harness a global open innovation eco-system to deliver sustainable competitive advantage. In a lively and engaging

lecture, Matt discussed the importance of embedding an innovation culture within an organisation and explained how BT uses a powerful ecosystem of partners, start-up companies, consumers and multi-national corporations to deliver a drumbeat of innovations that enhance the lives of customers.

In 2007, Matt was awarded a Stevie International Business award for 'Best MIS & IT Executive' and a William Pitt Fellowship by Pembroke College at the University of Cambridge.

The MP3 file of Matt's lecture and the presentation can be downloaded from <http://www.sbs.ox.ac.uk/BT/BT+Lecture+09.htm>



EDUCATING PROGRAMME MANAGERS FOR THE 21ST CENTURY

CONFERENCE 22-23 JUNE 2009



How can people be prepared for the “lived experience” of being the person responsible for managing a billion dollar mega-project? This was one of the big questions at the annual conference of the BT Centre for Major Programme Management. Every year, the BT Centre hosts a conference to bring together educators, employers and practitioners to discuss and debate issues of major programme management. This year will see the launch of the Oxford MSc in Major Programme Management, so it was a timely moment to bring together colleagues to discuss and review the challenges of educating the next generation of programme managers.

Given the impact of major programmes on the enterprise and life of nations and communities, programme management represents one of the most challenging and complex jobs that mankind has yet devised. Paul Chapman identified the need for the CPO, the Chief Project/

Programme Officer. This executive not only requires considerable intellectual ability, they also require exceptional personal qualities, such as leadership through great people skills, common sense, technical knowledge, a good sense of humour and patience. Although many of these skills seem innate, university courses such Oxford's MSc MPM seek to develop project/programme leaders whose capabilities and skills can be acquired and developed through mentoring, coaching and experience.

One of the themes that emerged from the discussions was that graduates of these courses will bring back their learning to their host organisations, and challenge the thinking and practices of their colleagues. However, if the host organisation does not yet have the organisational maturity to recognise the need for this post, tensions could arise. The rise of the professional project and programme manager could have implications for the

structure and maturity of the employing organisations.

Within the context of the emergence of the profession or professions of project and programme manager, the conference considered the ethics project and programme management. Should a professional project or programme manager accept a role in a piece of work that he/she believed was likely to fail, possibly leading to the waste of large amounts of public money? If project and programme managers took a clear professional, ethical stand, then any organisation that conceived of a project or programme would have to engage the services of a professional project or programme manager to assess the feasibility of the project before allowing it to proceed to public or company policy.

An intellectually engaged profession will have to invest in its own future, not only by supporting teaching and research with neophytes and universities, but with the corporations, firms and public bodies who engage their services. Greater presence of programme management at board level and commitment from CEOs will require sustained, intellectual and ethical effort by project and programme managers, and their institutions.

CONFERENCE PAPERS

Andrew Edkins (UCL)
The Challenges and Rewards of Executive Education for Interdisciplinary Project and Programme Managers

Paul Chapman (Oxford University)
Educating major programme managers: hopes, fears and speculations

Liz Lee-Kelley and Harvey Maylor (Cranfield School of Management)
Educating Programme Managers to Maximise their Potentials: What does it entail?

Caroline Hatcher and Bob O'Connor (Queensland University of Technology)
High Impact training: achieving synergies between program management education and workplace practice

Paul Roberts (Turnberry)
The Political Dimension

Richard Bayfield (RichardBayfield.com)
Collaboration and Capital Projects – The Honda Experience

Donnie MacNicol (Team Animation)
Educating Programme Managers to be Leaders

To read a full conference report and view the presentations and papers, go to <http://www.sbs.ox.ac.uk/BT/BT+Conference.htm>.

NEW APPOINTMENTS



PROF BENT FLYVBJERG BT PROFESSOR OF MAJOR PROGRAMME MANAGEMENT

The Saïd Business School and BT Centre are very happy to welcome Professor Bent Flyvbjerg to the post of BT Professor of Major Programme Management. Bent Flyvbjerg is a leading international expert within the field of major programme management and planning.

Professor Flyvbjerg's research covers cost overruns and benefit shortfalls in major programmes, theories of success and failure, complexity and innovation, optimism bias and strategic misrepresentation, cost and demand forecasting in high-risk environments, risk assessment and management, and governance of major programmes. He is author and co-author of key references in the field of major programme management, including the books "Megaprojects and Risk" and "Decision-Making on Mega-Projects".

Furthermore, Professor Flyvbjerg does research on the philosophy of social science, where he has pioneered a research methodology called "phronetic social science," described in his books "Making Social Science Matter" and "Rationality and Power". His books and articles have been translated into 18 languages and his research covered by Science, The Economist, the Financial

Times, The New York Times, the BBC, and many other media.

Professor Flyvbjerg has worked as a consultant to government, regulators, corporations, banks, national audit offices, the EU Commission and the United Nations. He has been adviser to the UK, Dutch, and Danish governments in formulating national policies for infrastructure, environment, transportation, and science.

Bent Flyvbjerg has received numerous honors and awards, including two Visiting Fulbright Scholarships to the USA, where he did research at the University of California at Los Angeles and Berkeley and at Harvard University. He has been a Visiting Fellow with the European University Institute in Florence. In 2002, Queen Margrethe II of Denmark conferred upon Bent Flyvbjerg the Knighthood of the Order of the Dannebrog for his professional accomplishments.

Before coming to Oxford, Professor Flyvbjerg held professorships at Aalborg University, Denmark and Delft University of Technology, The Netherlands. He received his Ph.D. from Aarhus University, Denmark, and holds two higher doctorates from Aalborg University in technology and engineering (Dr. Techn.) and science (Dr. Scient.), respectively.

Bent Flyvbjerg is a Professorial Fellow of St Anne's College, Oxford.

NEW APPOINTMENTS

Continued



1. Dr Janet Smart
2. Dr Patrick O'Connell
3. Dr Tomomi Kito
4. Dr Olivier Moreigne
5. Dr Dino Rinaldi
6. Jeremy Williams



EXECUTIVE DIRECTOR

Dr Paul Chapman has been appointed Executive Director of the BT Centre for Major Programme Management, with particular responsibility for overseeing the programme of the MSc in Major Programme Management.

Dr Chapman is a Fellow in Operations Management and brings a wealth of experience to this post, having taught and supervised post-experience candidates on graduate programmes since 1994. He also teaches on the Operations Management course in the EMBA and directs Executive Education programmes with particular emphasis on leadership and major programmes. Paul's research interest is focused on mechanisms for benefit delivery, especially the role of collaboration. Paul has extensive experience in teaching and research internationally, and has research international supply chains and logistics, with particular interest in the aerospace sector.

RESEARCH STAFF

Alex Budzier, DPhil Student in Major ICT Programme Management

Paul Chapman, Fellow in Operations Management; Executive Director, BT Centre for Major Programme Management; Director, MSc in Major Programme Management

Bent Flyvbjerg, BT Professor and Chair of Major Programme Management; Director, BT Centre for Major Programme Management; Academic Director, MSc in Major Programme Management; Professorial Fellow, St. Anne's College

Tomomi Kito, Research Fellow in Major Programme Management.

Eamonn Molloy, Fellow and Tutor in Management, Pembroke College, Oxford

Patrick O'Connell, President, Delivery and Services Operations, BT Global Services; Practitioner Director of the BT Centre for Major Programme Management

Kasim Randeree, Research Fellow in the Impact of Major Programme Failure on Corporate Reputation

Christine Seal, Centre Administrator

Janet Smart, Fellow, Saïd Business School

Allison Stewart, DPhil Student in Major Events Management.

ASSOCIATE FELLOWS

Lindsay Henshaw, Associate Fellow, Saïd Business School

Dominic Cook, Partner, Bird & Bird

Olivier Moreigne, Chief Technical Officer, Delivery and Services Operations, BT Global Services

Dino Rinaldi, Chief Information Officer, Major Programmes Practice, BT Global Services

Jeremy Williams, VP Financial Controller, BT Global Services UK.

STEERING COMMITTEE AND ADVISORY BOARD



Members of the Advisory Board

STEERING COMMITTEE

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Dr Paul Chapman,
Executive Director, BT Centre

Professor Bent Flyvbjerg,
BT Professor of Major Programme
Management

Professor John Fox,
Department of Engineering
Science

Dr Eamonn Molloy,
Pembroke College and Saïd
Business School

Dr Steve New,
Saïd Business School

Dr Patrick O'Connell,
Practitioner Director of BT Centre

Professor Thomas Powell,
Dean of Research, Saïd Business
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Ann Rinsler, BT

Dr Janet Smart,
Saïd Business School

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and Brasenose College.

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BT Professor of Major Programme
Management, Saïd Business
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Mr Paul Morrison, Grosvenor

Dr Patrick O'Connell, BT

Mr Nicholas Pitts-Tucker,
Sumitomo Banking Corporation.

PUBLICATIONS

BOOKS

Hugo Priemus, Bent Flyvbjerg, and Bert van Wee, eds., *Decision-Making On Mega-Projects: Cost-benefit Analysis, Planning, and Innovation*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar, 2008, 352 pp.

Eamonn Molloy and Dirk van Donk, *Rationality and Irrationality in Projects*, Financial Times, Fast Track to Success: Project Management, Prentice Hall, 2009.

JOURNAL ARTICLES

Bent Flyvbjerg, Massimo Garbuio, and Dan Lovo, "Delusion and Deception in Large Infrastructure Projects: two Models for Explaining and Preventing Executive Disaster." *California Management Review*, vol. 51, no. 2, 2009, pp. 170-193.

Bent Flyvbjerg, "Policy and Planning for Large-Infrastructure Projects: Problems, Causes, Cures." *Environment and Planning B: Planning and Design*, vol. 34, 2007, pp. 578-597. Awarded the Association of European Schools of Planning (AESOP) Prize for Best Published Paper, July 2008.

Dirk Pieter van Donk and Eamonn Molloy, "From Organising as Projects to Projects as Organisations." *International Journal of Project Management*, vol. 26, no. 2, February 2008, pp. 129-137.

Bent Flyvbjerg, "Curbing Optimism Bias and Strategic Misrepresentation in Planning: Reference Class Forecasting in Practice." *European Planning Studies*, vol. 16, no. 1, January 2008, pp. 3-21.

BOOK CHAPTERS

Bent Flyvbjerg, "Optimism and Misrepresentation in Early Project Development". In Terry Williams, Knut Samset, and Kjell Sunnevag, eds., *Making Essential Choices with Scant Information: Front-end Decision making in Major Projects*. New York: Palgrave Macmillan, 2009, pp. 147-168.

Eamonn Molloy and Dirk Pieter van Donk, "Rationality and Irrationality in Projects". In P Harper-Smith and S Derry eds., *FT Fast Track to Success: Project Management*. Prentice Hall, Financial Times, 2009.

Bent Flyvbjerg, "Public Planning of Mega-projects: Overestimation of Demand and Underestimation of Costs." In Hugo Priemus, Bent Flyvbjerg, and Bert van Wee, eds., *Decision-Making On Mega-Projects: Cost-benefit Analysis, Planning, and Innovation*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar, 2008, pp. 120-144.

WORKING PAPERS AND REPORTS

Sir Peter Gershon, "Review of the Australian Government's Use of Information and Communication Technology", August 2008.

MAGAZINE ARTICLES

Janet Smart "Project Networking", *Project*, pp21-22, December 2008/January 2009.

For further details on publications, please go to <http://www.sbs.ox.ac.uk/BT/List+of+Publications.htm>

FUNDING

If you are interested in exploring ways in which you could support the University of Oxford's ambitious agenda for developing world-leading research and teaching on major programme management, please contact:

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Corporate Relations

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SAID BUSINESS SCHOOL

The Saïd Business School is Europe's fastest growing business school. An integral part of The University of Oxford, the School embodies the academic rigour and forward thinking that has made Oxford a world leader in education. The School is dedicated to developing a new generation of business leaders and entrepreneurs and conducting research not only into the nature of business, but the connections between business and the wider world.

TAUGHT PROGRAMES

Diploma in Financial Strategy

Diploma in Organisational Leadership

Diploma in Strategy and Innovation

Executive MBA

MBA

MSc in Financial Economics

MSc in Major Programme Management

MSc in Management Research

Research Programmes

DPhil Programme

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Today's Leaders

The Oxford Strategic Leadership Programme

What Next? For leaders with more to offer

Leadership Development

The Oxford Advanced Management and Leadership Programme

The Oxford Programme on Negotiation

The Oxford High Performance Leadership Programme

The Oxford-HKU Senior Executive Programme in Corporate Leadership

Strategy and Change

The Oxford Scenarios Programme

Consulting and Coaching for Change

The CIO Academy

The Oxford Sustainability Programme: New Pathways to Profit

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