

# Wanted: New Leadership Competencies for Managing Megaprojects

By Tracey Smith and Sabine Hoover

Large complex projects – those valued at \$1 billion or more – are gaining momentum across the U.S., causing new and unanticipated challenges for project teams.

As more and more engineering and construction (E&C) projects grow in scope and scale, companies that want to compete in the space will need to develop the right mix of leadership skills to win business and successfully deliver quality, on-time projects.

In 2019 there were 35 megaprojects in the U.S., totaling \$79.1 billion or 15% of the value of non-residential construction starts. That's up from 20 megaprojects worth \$47.2 billion in 2018. Most of the new projects of this size were concentrated in the South (37%) and the West (30%), leading to even greater competition for talented project leaders in those regions.<sup>1</sup>

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<sup>1</sup> [35 U.S. Mega Projects Summed to 15% of Total Nonresidential Starts](#). ConstructConnect. February 6, 2020.



As E&C projects grow and become more complex, having the right leaders in place becomes even more critical for delivering on-time and on-budget finished work. The speed and complexity of new construction projects make it increasingly challenging to find leaders with the technical experience (the “hard” stuff) and leadership skills (the “soft” stuff) to engage and consistently align project stakeholders across the project life cycle.

It is not uncommon for organizations to identify a handful of great leaders and bounce them from project to project, hoping some of their strengths will rub off on the rest of the company's leaders. As one leader shared, “The hard stuff is easy; it's the soft stuff that's hard.”



## Owner Challenges

FMI research found that one of the top challenges for owners on megaprojects revolves around organizational complexity. Managing an array of people, processes, technologies and finances across firms, contractors and subcontractors creates issues related to:

- Planning and scheduling
- Change management
- Project leadership
- Decision-making
- Staffing

Across these diverse teams and responsibilities, owners cited communication and collaboration as well as incomplete design work as key issues when dealing with design teams. On the contractor side, ineffective collaboration, poor goals alignment and insufficient labor were the biggest impediments to project success.

## Solving the Project Puzzle

In 2019 FMI partnered with the [Construction Industry Round Table \(CIRT\)](#) to investigate leadership best practices associated with megaprojects. In this [initial research](#), FMI identified four themes that are key to delivering successful megaprojects. We've named these:

- 1. The Trust Factor.** Building and maintaining trust with project stakeholders is critical to the success of a megaproject.
- 2. A Culture of Cohesion and Collaboration.** Early involvement of team members—and a collaborative environment—are more influential in driving success on a project than the contract type itself.
- 3. Transparent and Authentic Leadership.** Effective megaproject leaders are experts in developing a team environment that fosters emotional engagement, shared purpose and accountability and is safe for constructive feedback and open discussions (versus blaming) across all project levels.
- 4. Educated and Experienced Owner.** Owners can make or break projects. Skilled and experienced owner-employees are especially critical on megaprojects.

While industry leaders agree that these areas are critical for project success, effectively developing these skills remains a challenge for many. With that perspective in mind, FMI launched a research study, in collaboration with the [National Academy of Construction](#), to dive deeper and identify the key competencies required of a project leader to achieve successful results on a large complex project.<sup>2</sup>

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<sup>2</sup> In the context of FMI's research, projects larger than \$500 million are considered large complex projects.



## Why Competencies?

Competencies are behaviors that, when demonstrated, create exceptional performance and strategic advantage. Competencies are also different from technical knowledge and skills and differentiate an average performer from a star player. Well-defined competencies include behavior descriptors that can be measured and observed by others. As such, competencies can be incorporated into training programs and should represent the backbone of performance feedback within a leadership development program.

In our research, we specifically focused on competencies for the general contractor project lead. FMI identified an initial list of competencies based on expert interviews and then tested them with a broader industry audience.

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**Two sets of core competencies emerged from this research: those that drive project performance and those focused on people, teams and relationships.**

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### **Project-Focused Competencies**

- Alignment Creator
- Sound and Timely Decision-Maker
- Systems Thinker
- Change Leader
- Problem Solver



### **People-Focused Competencies**

- Team Developer
- Coach and Mentor
- Leadership Presence
- Connector
- Effective Communicator

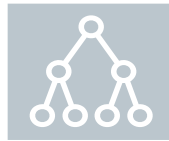
When asked what competencies participants would prioritize in the ideal general contractor leader, these five were consistently rated the highest:



**Sound and Timely Decision-Maker**



**Leadership Presence**



**Team Developer**



**Effective Communicator**



**Problem Solver**

- 1. Making Timely Decisions:** An ideal leader ensures decisions are made quickly by delegating, clarifying escalation expectations and identifying relevant possible outcomes of each decision.
- 2. Having a Leadership Presence:** Revered project managers exude humility while managing emotions, treating people fairly and modeling transparency.
- 3. Developing Teams:** High-performing leaders encourage collaboration while ensuring team members' strengths are leveraged and team achievements are celebrated.
- 4. Communicating Effectively:** These leaders actively listen and communicate information in a timely manner through appropriate channels.
- 5. Solving Problems:** Exceptional project leaders promote innovation to take appropriate risks and encourage others to debate and work together to find the best solutions.

One of the common threads among these five competencies is the underlying topic of being an effective communicator. The issue of communication was also mentioned in earlier research<sup>3</sup> in which owners listed lack of effective communication as one of the fundamental challenges to project success.

<sup>3</sup> In January 2020, FMI surveyed CURT members (owner organizations) around challenges on megaprojects.



## Needed: Focus on Communication

What does a great communicator look like? There are five areas you can assess to see how effectively your project leaders communicate. By observing these behaviors, you will have a better sense of where training and coaching can enhance their leadership.

- **Sharing Information:** Great communicators offer clear and concise messages and adapt them to specific audiences. If team members are asking for clarification or not remembering what they were told, the leader may not be sharing information appropriately.
- **Listening Actively:** Successful communicators lean more toward listening than speaking. They focus on what others say to ensure they understand the intent. Great communicators actively gather and filter information to get to the core of an issue and don't let their emotions get in the way of listening to what others have to say (even when it's hard to hear).
- **Asking Questions:** Another strength of strong communicators is the ability to ask good questions. They use questions to confirm their understanding of what is being said and to encourage input from others. Take note if managers are doing all the talking instead of engaging others with questions.

- **Aligning Objectives:** One of the biggest challenges on large complex projects is aligning expectations and processes across project teams. Great communicators utilize their conversations and meetings to make sure objectives and goals are aligned. When evaluating a leader, pay attention to whether people leave a meeting understanding the decisions made and next steps.
- **Building Relationships:** The most successful project leaders communicate the intent behind their actions in a way that demonstrates authenticity. They also take time to let others know they are appreciated and the importance of their role on the project team. Great communicators are also able to manage conflict in a way that focuses on the issue at hand, not the personalities.

## Rethinking Skills and Competencies

As megaprojects continue to become a larger part of the E&C industry, those looking to expand their work will need to make sure they have the leadership competencies necessary to successfully deliver these complex projects.

Although profitability in the engineering and construction (E&C) industry is measured in financial terms—percentage of profit on a project, hours billed, forecasts versus actuals—people ultimately drive the profits.

That means having the right leaders who possess the skills to build relationships with clients and motivate individuals to perform their best can dramatically improve their company's financials. The stakes are even higher at the executive level and in key project management roles, where individuals may be responsible for juggling millions of dollars a day.

Having clarity on what differentiates good project leaders from great ones allows organizations to intentionally identify and develop leaders to succeed on large complex projects in the long term.

Our research indicates that soft skills, such as effective communication or building high-performing teams, are just as critical to project success (if not more so!) as hard or technical skills. Ignoring such key competencies can make or break your next large project.

Taking the time to assess your leaders and identify what competencies they possess and those they need to work on can pay dividends. While it might seem time-consuming at first, making sure your executives and team members have the right skills and development to deliver on-time, quality megaprojects will make your people—and ultimately your business—succeed.

# Authors



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