

Improving Project Delivery at SPU Through the Stage Gates System

Presentation to the Water Operating Board

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Keith Ward

keith.ward@seattle.gov



Lucent Technologies
Bell and the innovations



ASAHI CHEMICAL
INDUSTRY
AMERICA



Seattle
Public
Utilities

Purpose/Agenda

1. Overview of SPU's Strategic Effort to Improve Project Delivery
2. Overview of SPU Stage Gates System

SPU Overview

- \$4.5 billion in utility assets across four lines of business:
 - Drinking Water
 - Drainage
 - Wastewater
 - Solid Waste
- Supply drinking water to 1.5 million people
- Over \$400 million annual revenues
- 1,350 employees inc. core competencies

SPU CIP Portfolio Distribution

- \$1.1 billion portfolio of projects and programs
- Over 200 active projects
- 85% of portfolio value are projects are greater than \$1M
- \$79M annually in programs

SPU Strategic Plan

3 Key Initiatives

Productivity

Focus on improving customer service

Transition from data rich to knowledge rich

Improve project delivery

Why Improve Project Delivery?

- We were underestimating our budgets, risks, and schedules
- We were often a reactive organization
- Staff morale was suffering and future leaders were leaving

Vision for Improving Project Delivery

We select the right projects to ensure the highest financial, social, and environmental value to our ratepayers.

We deliver quality projects in a cost effective, consistent, predictable, and transparent manner.

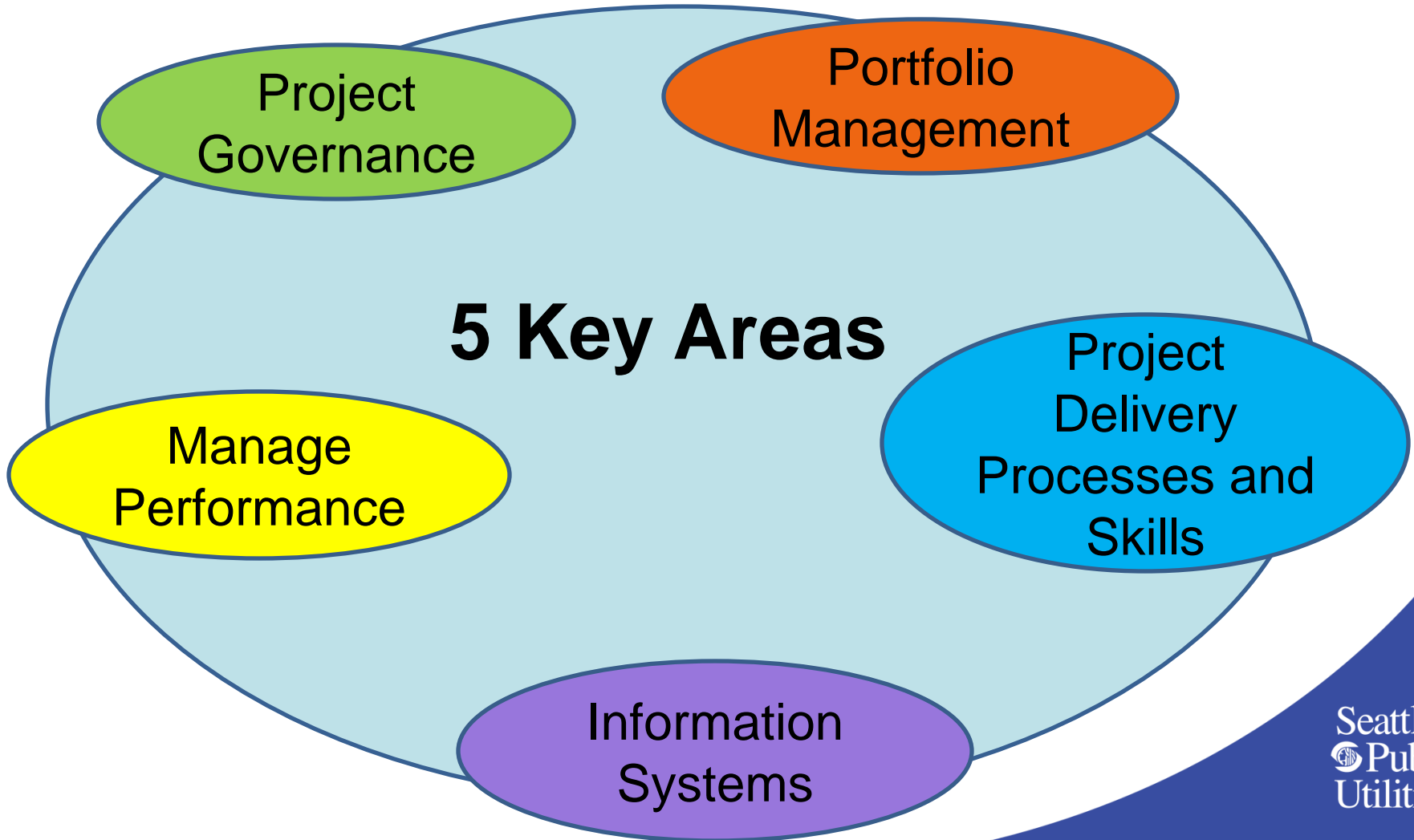
Key Components of Our Project Delivery Improvement Initiative

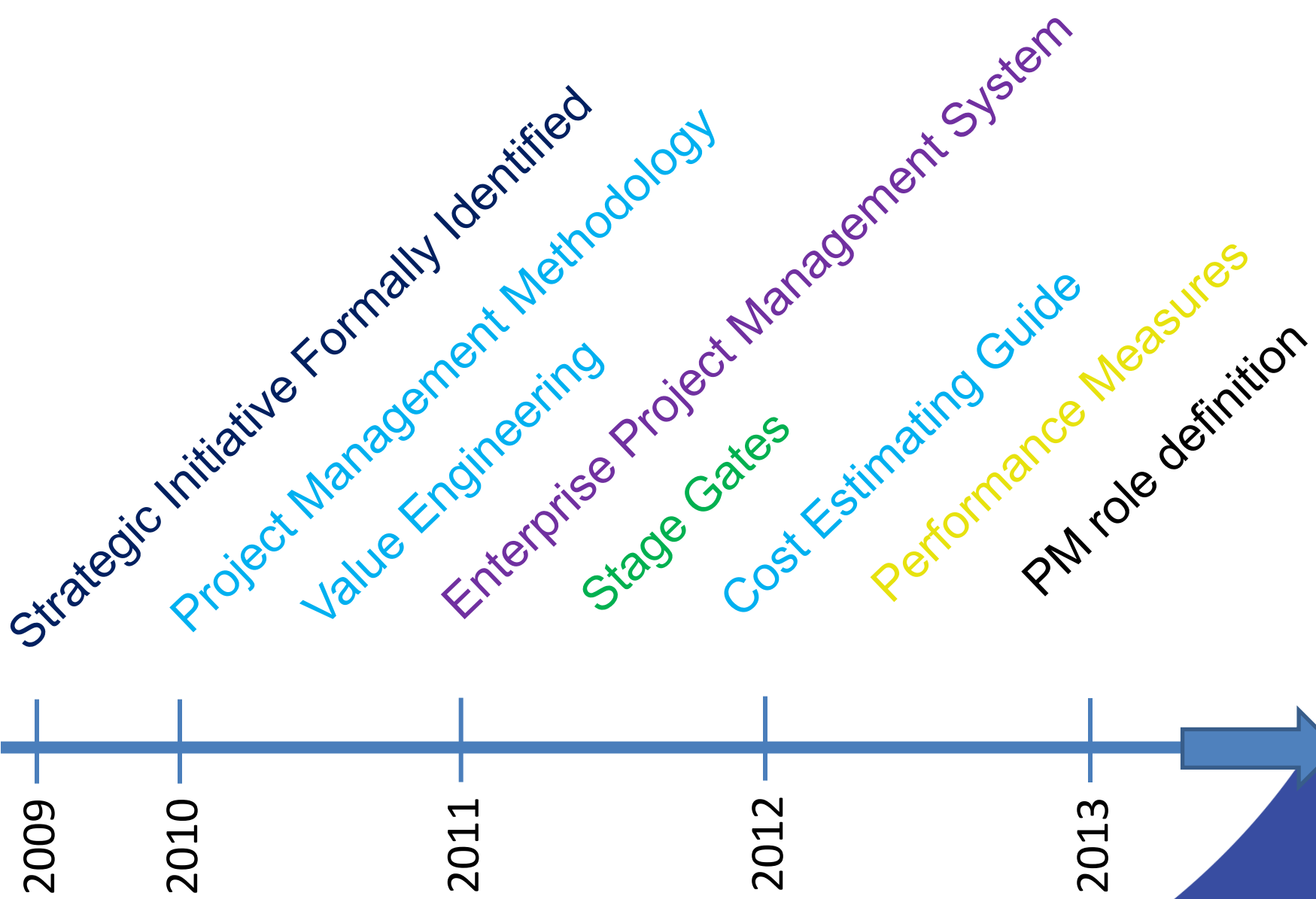
9 Roadblocks to Successful Project Delivery

1. Unrealistic schedules
2. Decisions not timely
3. Inadequate resources
4. Lack of accountability
5. Failures in dealing with complexity
6. Inadequate risk mitigation
7. Unrealistic budgets
8. Poor team performance
9. Inadequate Portfolio Management



Improving Project Delivery





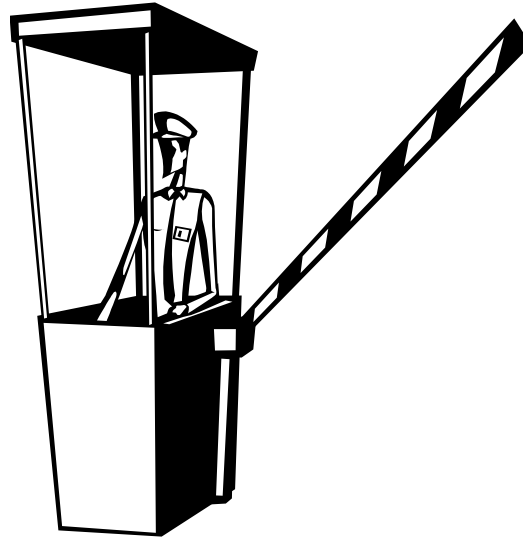
Initiative to Improve Project Delivery
(selected milestones)

Upcoming Improvements

- Portfolio Management and Prioritization
- Quality Management Program
- Environmental Permitting and Review
- Project Manager Career Path
- Improved Teaming



SPU's Stage Gates System



What are Stage Gates?

A system of transparent decision checkpoints (gates) at which we assess, reevaluate, and affirm a project or program.

Why Stage Gates

- Improve visibility, clarity, and quality of decision making
- Improve hand-offs between branches
- Improve quality and efficiency in execution of projects and programs
- Improve our Asset Management Framework

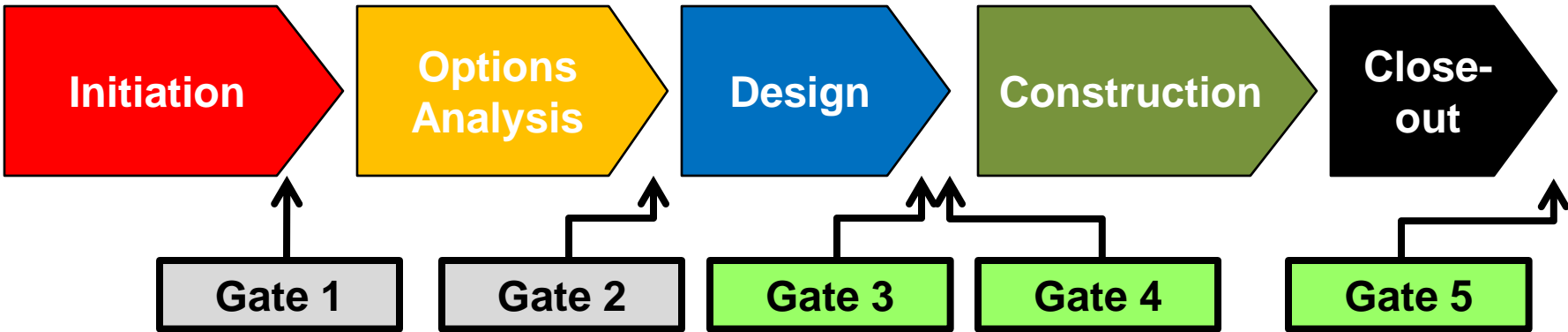
SPU Asset Management

- Delivering essential services with the least cost to the ratepayer, today and into the future



- Transparent decisions based on financial, environmental, and social costs and benefits over the asset life-cycle

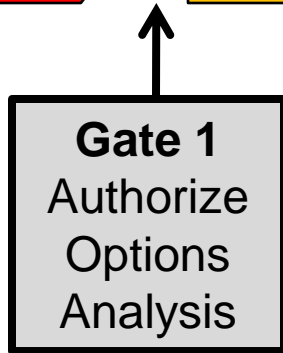
2011 Stage Gates System Changes



Common Elements

- Summarize findings from preceding Phase
- Authorize next Phase of work (“Go/no go”)
- Identify Phase Leads and Gate Approvers
- Present and affirm Business Case validity
- Affirm \$ and staff
- Establish and confirm “project priority”
- Formalize “service equity” review

Stage Gate 1

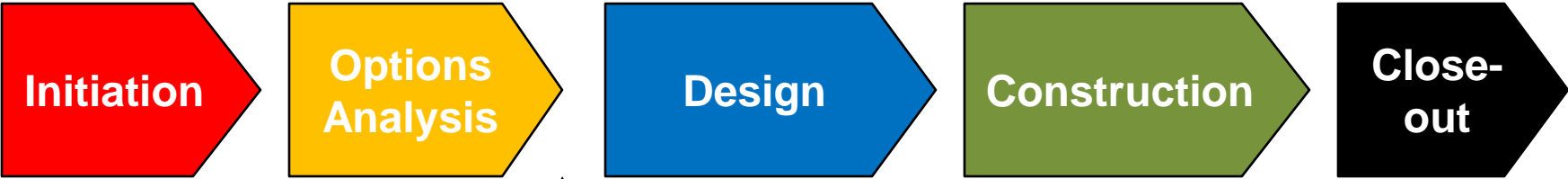


Purpose

- ▶ Ensure work on right problem or potential project
- ▶ Authorize options analysis

Lead: Specifier
Approve: Utility Systems Management Deputy Director

Stage Gate 2



Gate 2
Approve
Business
Case

Purpose

- ▶ Present the Business Case
- ▶ Ensure right solution is selected
- ▶ Approve project funding

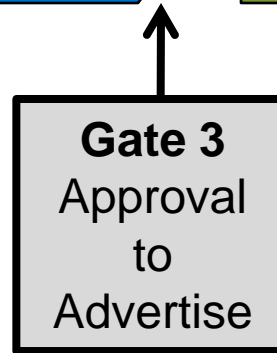
Lead:	Specifier
Approve:	AMC or LOB AMC

Stage Gate 3



Purpose

- ▶ Approve advertisement – seek construction bids
- ▶ Verify all permits and property have been acquired



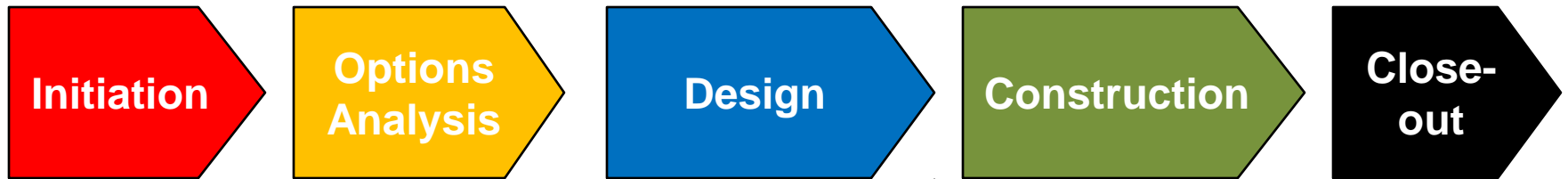
Lead:

Approve:

Project Manager

Project Delivery Branch Deputy Director

Gate 4



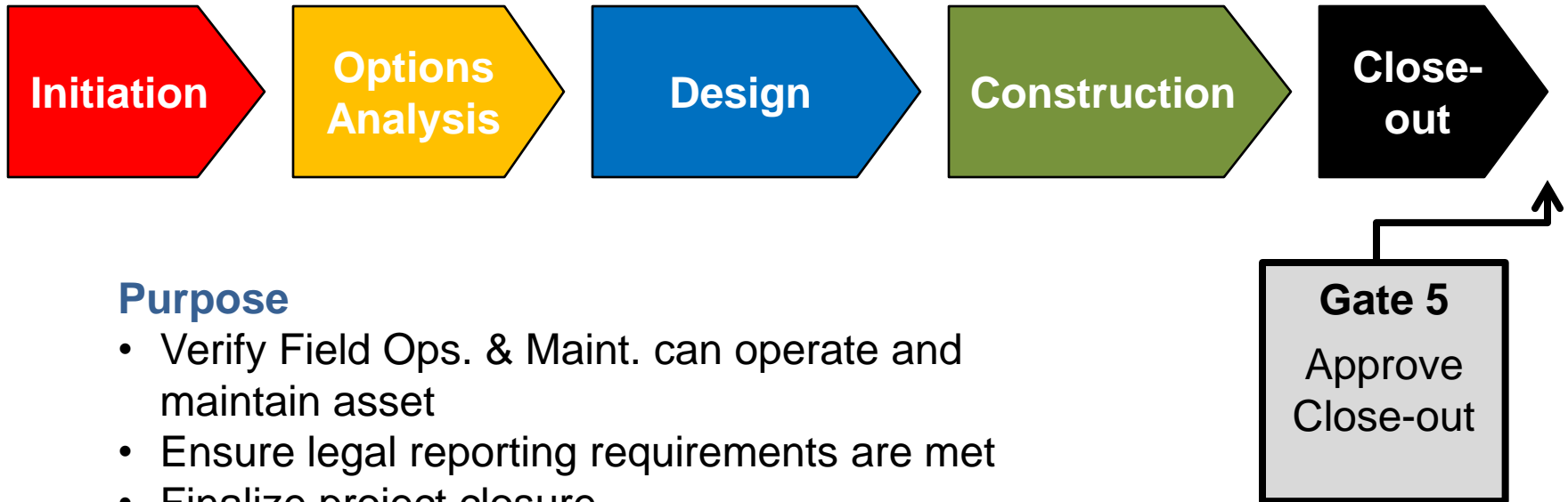
Purpose

- ▶ Approve award of construction contract

Gate 4
Approve
Contract
Award

Lead:	Project Manager
Approve:	Project Delivery Branch Deputy Director

Gate 5



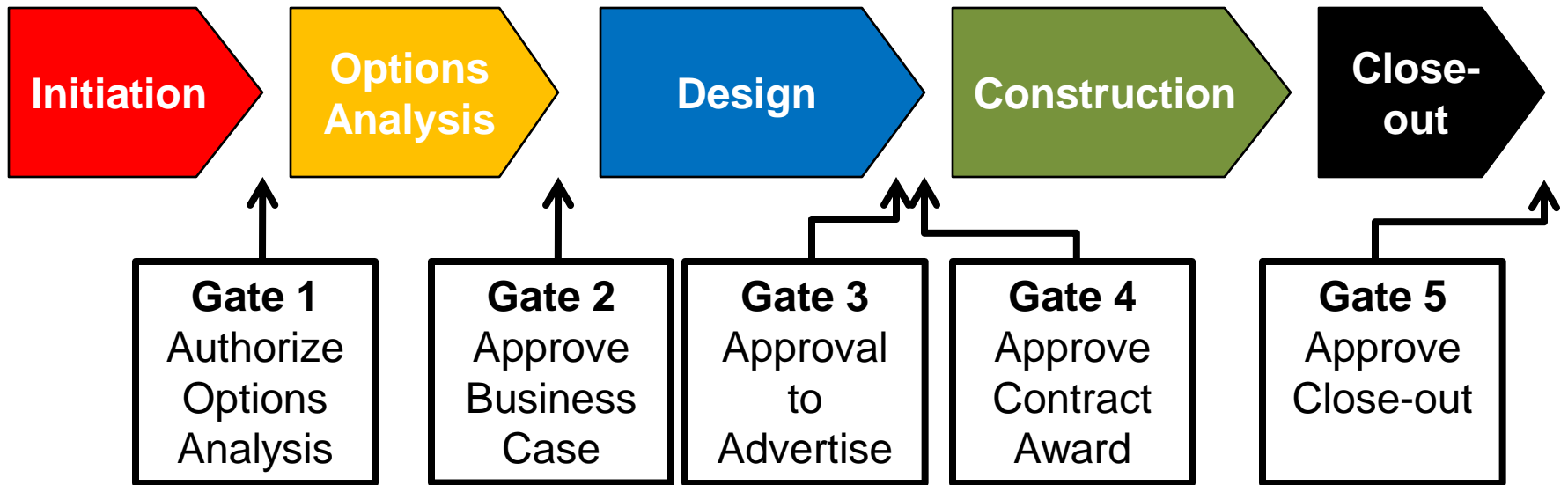
Purpose

- Verify Field Ops. & Maint. can operate and maintain asset
- Ensure legal reporting requirements are met
- Finalize project closure

Lead:
Approve

Project Manager
Field Operations & Maintenance Deputy Director

Infrastructure Project Stage Gates



Lead
Approve

Specifier
USM Deputy
Director

Specifier
AMC or LOB AMC

Project Manager
PDB Deputy
Director

Project Manager
PDB Deputy
Director

Project Manager
FOM Deputy
Director

Accomplishments So Far

1. Support for 39 projects and 2 programs in 2011
2. Developed Stage Gates for Infrastructure Programs and Technology Projects
3. Significant Streamlining and Integration
4. Identified several key issues in system

Any Questions?