

# DO JOINT VENTURES HOLD THE KEY TO LARGE-SCALE PROJECT SUCCESS?

IN AN INCREASINGLY GLOBALISED ARCHITECTURE AND CONSTRUCTION MARKET, THE NUMBER OF LARGE-SCALE PROJECTS BEING DELIVERED UNDER JOINT VENTURE CONTRACTUAL AGREEMENTS IS GROWING, BUT WITH INCREASED SIZE AND COMPLEXITY COMES ADDITIONAL RISKS AND NEW CHALLENGES. IS YOUR FIRM READY TO COMPETE?

**/ RACHAEL BERNSTONE**

In the past, Australian architecture joint ventures (JVs) have typically involved bringing together interstate peers to provide complementary expertise and/or proximity, or practices joining forces to deliver specialised buildings, or collaborations between different-sized firms to enhance capacity and upscale their projects.

But a new trend is emerging: Australian firms are partnering with international practices to deliver large-scale projects.

This trend is driven largely by clients, especially state government clients that stipulate the use of international firms in design competitions, such as the WA Museum project (currently in construction, by OMA and HASSELL), the Adelaide Contemporary International Design Competition (won by Diller Scofidio and Renfro and Woods Bagot, currently shelved) and the Sydney Fish Market (won by 3XN with BVN and Aspect Studios). Another good example is the current relocation of the Powerhouse Museum to Parramatta project. The first stage of its international design competition for the new museum attracted 74 submissions from 20 countries, made up by more than 500 individual firms from five continents. Six teams have been shortlisted with a winning design for the new museum to be announced in late 2019.

Such client demands leave Australian firms little option but to form JVs to compete, but not all firms are happy about this trend.

"The question about JVs with overseas architects – which has become a big issue with projects in Melbourne, and Australia generally – is that a lot of international firms are looking for new markets, and they are quite opportunistic around public buildings and large projects," says Peter Bickle, principal at ARM.

"This is a conversation that is currently ongoing within the profession," he says. "Some see the situation to their advantage, while others think: 'Why can't we do the project?'"

Regardless of where you sit on the subject of international JVs, there are several key issues to consider before undertaking both local and overseas partnerships.

Pedram Danesh-Mand, director of Project Risk Consulting at KPMG, says the risk of project failure is higher on JVs, with a large portion

globally resulting in litigation. He warns that the term joint venture has no settled common law meaning in Australia, meaning such arrangements can take various forms. "They could be undertaken through a partnership or some other form of unincorporated association, or through an incorporated body," Danesh-Mand explains, adding that it's important to agree upon a suitable legal framework as well as other – perhaps less obvious – issues.

"In my experience with a number of successful JVs and few challenging ones – from a risk and project controls perspective – there are a number of blind spots that have to be identified and managed proactively," says Danesh-Mand.

"The key pitfalls include unrealistic deadlines and targets; lack of quantitative risk assessment discipline; unreliable or lack of forecasting mechanisms; inaccurate progress measurement, including lack of change control; unclear RACI (Responsible, Accountable, Consulted and Informed) matrices; and a lack of managing the people dimensions of change."

## CAPABILITY ALIGNMENT

In simple terms, the most important areas of concern fall under the headlines of alignment of capabilities, appropriate risk allocations, culture and communications.

Rhonda Mitchell, a principal at Woods Bagot, is leading the collaboration with New York-based SHoP Architects on Collins Arch, a five-year project due for completion in early 2020. She says it's important to get the legal and operational framework in place (for the mechanics of the project), but adds that the spirit of the partnership is critical for a successful collaboration, and it requires ongoing commitment and a best-for-project attitude.

"Both firms were accustomed to the challenges of working across time zones, but for this project having the SHoP team based in Melbourne and New York for the duration of the project has been central to maintaining communication and a proactive engaging team environment," Mitchell says. "The round the clock studio has also proven a productive working model."