

## Briefing: Culture and mindset—the NEC approach

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**This is the first of a series of briefings prepared by the NEC Panel to help clients, consultants and contractors in their understanding of the NEC approach when using NEC contracts. This first briefing introduces the positive culture and mindset which are at the heart of the NEC approach.**

### 1. INTRODUCTION

NEC is a modern-day family of contracts that facilitates sound project management principles and practices as well as defining legal relationships. The key to the success of NEC contracts is that they enable the contracting parties to adopt a far more positive culture and mindset than is normally the case.

To achieve project delivery an organisational arrangement of some type is made between the parties and this arrangement is formalised through the use of a contract.

NEC contracts may initially appear to be similar in concept and language to other standard forms, but in reality they are radically different. In particular they involve moving away from reactive, hindsight-based management and decision making to an approach that is informed, proactive and foresight based.

### 2. CULTURE AND MINDSET

Whenever people are faced with change, the issues of culture and mindset always surface. Culture and mindset are more than simply 'the way we think and act around here'—they are dynamic processes of shared meaning and activity.

Everyday interactions are central to the notion of organisational culture. As such, it is not something that can be designed and built by managers. On the contrary, it is the ongoing process which happens as people perceive, interpret, evaluate and share what is going on. Culture therefore exists not so much outside people as inside and between them, through the conversations and interactions they have with each other.

As a dynamic process, culture cannot be 'made concrete' in any formalised way. Project organisations, like all organisations, are much messier and less well-structured than implied by formal documents and contracts. People's behaviour rarely conforms to the rational terms and conditions that conventionally govern project delivery.

Much of the activity most influential on project performance takes place through informal processes and relationships, in

unstructured and emergent ways, and is driven by the underlying 'taken-for-granted' assumptions of all those involved. Unfortunately, the deeply embedded assumptions of many people involved in construction projects are win/lose, blame-centred and non-trusting, with the contract seen in terms of things to avoid and remedy rather than things to aspire to and enable.

All people differ in terms of their circumstances, needs and perspectives and therefore the behavioural mindsets they bring to bear on issues. It is these behavioural mindsets that produce a significant impact on the project outcome.

### 3. THE NEC APPROACH

NEC contracts are unique in making the process of everyday interactions between key players central to project delivery, and therefore to the project's organisational culture. Also fundamental to the NEC approach is the obligation placed on the principal contributors to 'act as stated in this contract and in a spirit of mutual trust and co-operation'.

NEC contracts are designed around three key principles

- (a) flexibility
- (b) clarity
- (c) stimulus to good management.

The third principle is the most important in the context of culture and mindset.

The unique way in which NEC focuses on delivering the work as opposed to the contract itself, by making everyday interactions central to project delivery, enables both the formal and informal nature of the key players' contributions to the project to be better understood. Characteristic patterns of response to change and other aspects of project delivery dynamics can be identified and, if necessary, improved upon.

Every procedure in NEC has been designed and tested so that its implementation contributes to rather than detracts from the effectiveness of managing the work. The underlying principles on which NEC contracts are based are as follows.

- (a) Foresight applied collaboratively mitigates problems and shrinks risk.
- (b) Clear division of function and responsibility clarifies accountability and motivates people to play their part.

NEC contracts should therefore be viewed by all parties as helping to achieve project objectives more consistently than is possible using more traditional forms of contract.

This approach helps people to reframe the context within which they are operating, enabling them to 'see' in more organisationally insightful and meaningful ways, thus furthering the overall project purpose.

The structure and processes that exist in the NEC have a powerful impact upon how decisions are informed and made, and how the work actually gets done on the ground, by implementing the following actions.

- (a) Using formal processes and tools to provide the right information to the right people at the right time.
- (b) Creating a flexible environment for the exchange of information.

- (c) Stimulating good management to influence the project dynamics of interaction.
- (d) Proactively anticipating the likely impact of words and actions (including inactions) on issues, events and outcomes.

#### 4. CONCLUSION

In summary, decisions and actions that are taken (or left untaken) in any aspect of a project's organisation will have a cultural impact. Everything that those involved do, and the way they do it, has significance. The culture that exists on a project is thus entirely in the hands of the parties and the people involved.

NEC contracts offer a unique opportunity to improve the culture and behavioural mindsets of project personnel. It enables them to focus on and positively manage the interactions necessary for the delivery of the work and the achievement of the desired outcomes.

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