**Project Progress Report** **2 of 2 : 25 November 2015**

* Project ID: **SAU10/90112/01/2015**
* Project Title: **Operational Excellence in RCJY PH1**
* Implementing Partner: **Royal Commission for Jubail and Yanbu (RCJY)**
* Project Start Date: **11 April 2015**
* Project End Date: **10 November 2015**
* Total Project Amount: **USD237,247**

**Section1: Project Risk & Issue:**

***Updated Project Risks***

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| **#**  | **Description**  | **Date Identified** | **Type**  | **Probability** | **Impact** | **Countermeasures / Mngt response** | **Status** | **Outcome** |
| 1 | Performance of service provider(s) | 17-Dec-14 | Strategic | 2 | 5 | (1) Performance metrics in contract documents (2) RCJY support | **COMP** | Nil |
| 2 | Inadequate RCJY support | 17-Dec-14 | Strategic | 5 | 3 | UNDP SA support | **COMP** | Nil |
| 3 | Performance of consultant | 17-Dec-14 | Strategic | 2 | 5 | (1) Performance metrics in contract documents (2) UNDP SA support | **COMP** | Nil |
| 4 | Security: Terrorist attack involving consultant | 17-Dec-14 | Environmental | 1 | 5 |  | **COMP** | Nil |
| 5 | Security: Terrorist attack involving RCJY | 17-Dec-14 | Environmental | 3 | 2 |  | **COMP** | Nil |
| 6 | Security: Terrorist attack involving KSA | 17-Dec-14 | Environmental | 5 | 1 |  | **COMP** | Nil |
| 7 | Complex Design: CI initiative across 88 departments, 3 locations | 17-Dec-14 | Operational | 3 | 3 | Design for project implementation in 4 phases | **COMP** | Nil |
| 8 | KSA Visa delays | 17-Dec-14 | Organizational | **5** | 3 |  | **COMP** | Mission lengths changed |

* Visa problems occurred in August. The visa process that took 3 days through the KSA Embassy in Canberra, was outsourced to a UAE company VFS Tasheel, which suddenly took 2 weeks to process (and the cost went up about US$300). As such, Item 8 probability was increased 3-5. Impact was managed; Mission 3 was shortened to 1 week, and Mission 4 was lengthened to 3 weeks.

***Updated Project Issues***

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| **Type** | **Date Identified** | **Description** | **Solution Date** | **Comment or Mgt Response** |
| CHANGE | 15 Sep 2015 | Expected Output R1.10 Scope of Work Phase 2 | 5 Nov 2015 | The Project Document for Phase 1 called for the development of a Scope of Work for Phase 2. Since the PD, RCJY employed a Bechtel advisor direct, who has assumed much of the intended work. As such, the Phase 2 SOW has been re-defined by 3 Expected Outputs:1. Business Plan 2016
2. UNDP PD Phase 2
3. UNDP TOR Phase 2
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***Broader Project Potential***

The genesis of the project was Kingdom objectives residing in the 10th Development Plan that articulated a path for the country towards greater efficiency and productivity of human and natural resources, as well as recognition by RCJY that their operational efficiency could be significantly improved.

From a gap analysis between current start and future aspiration, emerged a definition of, and structure and processes for, the Operational Excellence division, whose primary charter became:

1. Harmonised key performance indicators (KPIs) to measure performance.
2. Continuous improvement mechanisms to drive performance towards increased productivity, and world-class benchmarks.
3. Sustainability reporting to consolidate triple bottom line outcomes, and meld autonomous cities into a cohesive corporate framework.

Sustainability reporting, in particular, is seen as an imperative for RCJY for the following important reasons:

* To be seen as a leading organisation in the Kingdom, in terms of global engagement, professionalism, eco-efficiency, and community contribution.
* To formally recognise the significant contribution RCJY makes to KSA society.
* To unify autonomous cities with a common overarching objective.
* To support employee commitment to harmonised KPIs and productivity improvement.
* To engage employees in broader community issues, such as volunteerism and environmental stewardship.
* To align with the RCJY Core Value of Social Responsibility.
* To support the Kingdom in the aspiration for greater energy and water efficiencies.
* To recognise the increasing pressure of socially responsible investment funds, and their demands for ethical behaviour.

By the end of Phase 1, a methodology had been established to formulate and harmonise KPIs, and drive productivity towards more efficient outcomes. In addition, the foundations of sustainability reporting had been set up. Phase 2 will roll-out KPI harmonisation to other departments, and a draft sustainability report, in accordance with GRI-G4 guidelines, will be produced.

The experiences and potential benefits now being seen by RCJY has considerable application to other organisations in Saudi Arabia that are now facing budgetary constraints, and increasing pressure from government and community for better economic, social, and eco-efficient performance. Indeed the world over, managers are now increasingly challenged for funding and productivity; to effectively use scarce resources, and to focus on continuous efficiency improvement; fundamentally, to do more with less.

Adding to such complexities of the managerial role is the cumulative and interacting consequences of climate change and global economic instability that have beset countries and organisations across the globe.

In response, governments and societies are demanding organisations take responsibility for not only maximising the effective use of funds, but also environmental stewardship and positive social contribution. In recent times, corporate social responsibility (CSR) has morphed from a platitude to discrete expectations that organisations demonstrate triple bottom line (TBL) performance under the mantra of ‘sustainability’ - meaning a balance between economic, social, and environmental outcomes.

Under the Global Reporting Initiative (GRI) framework, sustainability reporting has emerged as an important outgrowth of TBL thinking, which also finds resonance with many of the elements of the UN Global Compact. Such reporting provides a tangible mechanism for organisations to objectively demonstrate to stakeholders the outcomes of standardised and benchmarkable performance metrics.

In addition, the UN recently released the Sustainable Development Goals (SDGs) as a continuum to the Millennium Development Goals (MDGs). The 17 goals and 169 targets of the SDGs will be applied to countries and organisations alike, and will inevitably be consolidated through the established and related GRI-based sustainability reporting initiative.

The experiences of RCJY, and its aspirations for operational excellence and sustainability reporting, provide a valid model for other public-sector and non-government organisations in the Kingdom to deal with community and government expectations for more accountability of economic, social, and environmental outcomes.

**Section2: Output Progress:**

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| **EXPECTED OUTPUTS** | **PLANNED ACTIVITIES** | **TIMEFRAME** |
| 2015Q2 | 2015Q3 | Date due/comp | % Comp | On Schedule | Revised Schedule |
| **Output 1**Effective structure, activities, and processes for OpX division to reflect axiomatic core work*Baseline:**Current structure, activities, processes, KPIs & job descriptions either ineffective, or non-existent**Indicators:*1. *Clearly defined structure linked to activities, processes, KPIs & job descriptions implemented and operational.*
2. *Standard Operating Procedures (SOPs) written, implemented & operational.*

*Targets:**End Q2 2015**Related CP outcome:**Institutional efficiency* | 1. Review & evaluate structure, activities, processes, KPIs for OpX TQM to reflect axiomatic core work
2. Conduct job analysis & training needs assessment for OpX TQM dept to fit job descriptions
3. Design OpX TQM Standard Operating Procedures (SOP), including:
4. CI Project Document: Standard form for problem, scope of work, expected outcomes & cost-benefit analysis for business case.
5. CI Project Schedule: List of value flow tasks, due dates, resources & responsibilities.
 |  |  | 30 Jun 201514 May 2015 | 100% | **🗸** |  |
| 30 Jun 201514 May 2015 | 100% | **🗸** |  |
| 30 Jun 201531 Jul 2015 | 100% | **🗸** | 31 Jul 2015 |
| 30 Jun 201531 Jul 2015 | 100% | **🗸** | 31 Jul 2015 |
| **Output 2**Results-based management system founded on Balanced Scorecard (BSC) Key Performance Indicators (KPIs)*Baseline:**Original BSC KPIs (2009) never used; may now include outdated or even inappropriate KPIs; no connection to CI initiative; BSC dimensions themselves may not be appropriate for RCJY; employee attitudes not measured; community/client/tenant surveys may be incomplete**Indicators:*1. *Definitive link from BSC dimensions to KRAs (set by Strategic Planning) to KPIs (evolving from CI initiative) for O&M Jubail & Yanbu*
2. *Employee attitudes measuring instrument designed, and O&M survey analysed to inform KPIs.*
3. *Community/client/tenant surveys reviewed; amended as required to inform KPIs.*

*Targets:**End Q3 2015**Related CP outcome:**Institutional efficiency* | 1. Review & evaluate BSC dimensions, KPIs & KRAs for currency & fit, based on SMART, with interface to Strategic Planning & city depts (O&M Jubail & Yanbu; 10-off depts).
2. Design employee attitudes measurement instrument based on demonstrated internal reliability & construct validity. Attitudes to include organisation commitment, job commitment, job satisfaction & orientation to customers & innovation, as a minimum.
3. Measure & analyse O&M employee attitudes baseline at Jubail & Yanbu.
4. Review & evaluate community, client & tenant satisfaction survey instruments & available results; should cover all services & based on demonstrated internal reliability & construct validity.
 |  |  | 5 Nov 201514 May 2015 | 100% | **🗸** |  |
| 5 Nov 201510 Aug 2015 | 100% | **🗸** |  |
| 5 Nov 201510 Aug 2015 | 100% | **🗸** |  |
| 5 Nov 201523 Nov 2015 | 100% | **🗸** |  |
| **Output 3**Harmonised continuous improvement initiative across RCJY that will form the axiomatic core of OpX division activities*Baseline:**Multiple uncoordinated CI initiatives in Jubail not reviewed for impact, nor benchmarked against national & international best practice.**Indicators:**Analysis of impact of CI initiatives in Jubail, and benchmarked standard for best practice.**SoW written for roll-out of CI initiative across O&M Jubail & Yanbu.**Quarterly (1) and end-of-phase reports to inform progress to Phases 2-4**Targets:**End Q3 2015**Related CP outcome:**Institutional efficiency* | 1. Review & evaluate CI initiatives in Jubail.
2. Benchmark national and international best practice for continuous improvement at comparable organisations.
3. Design Scope of Work (SoW) & schedule for harmonized CI initiative across O&M Jubail & Yanbu (10-off depts).
4. Review OpX TQM progress & recommend pathway forward to Phases 2-4
 |  |  | 5 Nov 201527 Aug 2015 | 100% | **🗸** |  |
| 5 Nov 201527 Aug 2015 | 100% | **🗸** |  |
| 5 Nov 201527 Aug 2015 | 100% | **🗸** |  |
| 5 Nov 201527 Aug 2015 | 100% | **🗸** |  |

**Section 3: Activity Performance**

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| **Activity ID: ACTIVITY1**Description: 1. Review & evaluate structure, activities, processes, KPIs for OpX TQM to reflect axiomatic core work2. Conduct job analysis & training needs assessment for OpX TQM dept to fit job descriptions3. Design OpX TQM Standard Operating Procedures (SOP), including:a) CI Project Document: Standard form for problem, scope of work, expected outcomes & cost-benefit analysis for business case. b) CI Project Schedule: List of value flow tasks, due dates, resources & responsibilities.**Start Date: 11 April 2015** |
| **End Date: 30 June 2015** |
| **Purpose: Address current lack of structure, activities, processes, KPIs & job descriptions, which are either ineffective, or non-existent** |
| **Description:**  |

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| **Quality Criteria** | **Quality Method** | **Quality Assessment Due Date** | **User Perspective** | **Timeliness** |
| 1. Clearly defined structure linked to activities, processes, KPIs & job descriptions implemented and operational.
2. Standard Operating Procedures (SOPs) written, implemented & operational.
 | RCJY review & approval of Expected Outputs | 30 Jun 2015 | Expected Outputs:**R1.1** TQM Department Evaluation**R1.2.1** Guidelines for Developing Standard Operating Procedures (SOPs)**R1.2.2** RC-SOP Identifier: RC-SOP-HQ-OpX-2015.00 Review & Process for Continuous Improvement Projects (CIPs) from Riyadh & Industrial City Departments | Submitted: 30 AprApproved: 14 MaySubmitted: 22 MayApproved: 17 AugSubmitted: 22 MayApproved: 27 Aug |

**Activity ID: ACTIVITY2**

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| Description: 1. Review & evaluate BSC dimensions, KPIs & KRAs for currency & fit, based on SMART, with interface to Strategic Planning & city depts (O&M Jubail & Yanbu; 10-off depts).2. Design employee attitudes measurement instrument based on demonstrated internal reliability & construct validity. Attitudes to include organisation commitment, job commitment, job satisfaction & orientation to customers & innovation, as a minimum.3. Measure & analyse O&M employee attitudes baseline at Jubail & Yanbu.4. Review & evaluate community, client & tenant satisfaction survey instruments & available results; should cover all services & based on demonstrated internal reliability & construct validity.**Start Date: 11 April 2015** |
| **End Date: 5 November 2015** |
| **Purpose: Resolve problem of lack of engagement with BSC KPIs (developed in 2009, but never used); BSC dimensions themselves may not be appropriate for RCJY; employee attitudes not measured; community/client/tenant surveys may be incomplete** |
| **Description:**  |

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| **Quality Criteria** | **Quality Method** | **Quality Assessment Due Date** | **User Perspective** | **Timeliness** |
| 1. Definitive link from BSC dimensions to KRAs (set by Strategic Planning) to KPIs (evolving from CI initiative) for O&M Jubail & Yanbu
2. Employee attitudes measuring instrument designed, and O&M survey analysed to inform KPIs.
3. Community/client/tenant surveys reviewed; amended as required to inform KPIs.
 | RCJY review & approval of Expected Outputs | 5 Nov 2015 | Expected Outputs:**R1.3** Performance Management System Balanced Scorecard **R1.4** Employee Attitudes Measurement Instrument**R1.5** Operations & Maintenance Divisions Jubail & Yanbu Employee Attitudes**R1.6** Operations & Maintenance Divisions Jubail & Yanbu Customer Satisfaction Surveys | Submitted: 30 AprApproved: 14 MaySubmitted: 18 JulApproved: 10 AugSubmitted: 23 JulApproved: 10 AugSubmitted: 9 Oct Approved: 23 Nov |

**Activity ID: ACTIVITY3**

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| Description: 1. Review & evaluate CI initiatives in Jubail.
2. Benchmark national and international best practice for continuous improvement at comparable organisations.
3. Design Scope of Work (SoW) & schedule for harmonized CI initiative across O&M Jubail & Yanbu (10-off depts).
4. Review OpX TQM progress & recommend pathway forward to Phases 2-4

**Start Date: 11 April 2015** |
| **End Date: 5 November 2015** |
| **Purpose: Resolve problem of multiple uncoordinated continuous improvement initiatives in Jubail, which are not reviewed for impact, nor benchmarked against national & international best practice.** |
| **Description:**  |

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| **Quality Criteria** | **Quality Method** | **Quality Assessment Due Date** | **User Perspective** | **Timeliness** |
| 1. Analysis of impact of CI initiatives in Jubail, and benchmarked standard for best practice.
2. SoW written for roll-out of CI initiative across O&M Jubail & Yanbu.
3. Quarterly (1) and end-of-phase reports to inform progress to Phases 2-4
 | RCJY review & approval of Expected Outputs | 5 Nov 2015 | Expected Outputs:**R1.7** Benchmarking for Operational Excellence**R1.10** 1. OpX TQM Business Plan 2016
2. UNDP Project Document
3. UNDP Terms of Reference

**R1.8.1-4** 1. Report on Mission 1
2. Report on Mission 2
3. Report on Mission 3
4. Report on Mission 4

**R1.9** End-of-Phase report | Submitted: 30 AprApproved: 14 MaySubmitted: 14 JulApproved: 22 OctSubmitted: 20 OctApproved: 23 NovSubmitted: 20 OctApproved: 23 NovSubmitted: 27 AprSubmitted: 4 JulSubmitted: 27 SepSubmitted: 22 OctSubmitted: 22 OctApproved: 24 Nov |