Professionalism of construction clients organisations

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Chair of Public Commissioning

- Faculty of Architecture – Department of Management in the Built Environment (MBE)
- Funded by Dutch Client Forum since 2014

Current group:
- Professor Marleen Hermans
- Associate Professor Leentje Volker
- PhD candidate Lizet Kuitert
- SA Simon van Zoest
- SA Denise Huizing
Aims and characteristics of chair

The Chair of Public Commissioning aims to:
1. improve the general understanding of construction clients and their role and domain of work in asset management;
2. identify of the key capabilities of those clients and their organizations;
3. generate supportive knowledge and tools for this target group.

- All kinds of physical assets (housing, real estate, infrastructure, water works)
- Focus on public context
Today: Present thoughts related to research on construction client professionalism

- Results of research into application of Public Commissioning Maturity Model
- Provisional results of research into embedding of public commissioning role in Dutch municipalities
- Results of research into learning capacities of project based urban planning organisation
The way a public organisation, in relation to its responsibilities in the built environment, shapes and implements its interaction with the supply market both externally and internally.
Relevance of construction sector for European economy (Eurostat, 2014):

- 6% GNP
- €650 billion added value

Dutch building production (EIB, 2014):

- €50 billion added value
Changed collaboration approach

FROM

- Effort, Lowest price
- Tech specs & drawings
- Contractors
- Sequential & fragmented
- ‘We - They’

product
- Results, Value for money
- Functional specs
- ‘integral service providers’

requirements
- Coherence, Risk control, Innovation

process
- Collaboration Dialogue

behaviour

TOWARDS

Bron: Brink Management / Advies, 2014
Definition project delivery model

The way in which tasks, responsibilities and risks are distributed across the participants of a construction or asset management process
Framework agreement

PPP

E&C

Maincontract

Traditional

PFI

DB

DBFMO

BOT

Total engineering

Performance contract

Other options, ……
### ‘New’ project delivery methods

<table>
<thead>
<tr>
<th>Type</th>
<th>Aim</th>
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<tbody>
<tr>
<td>Demand driven, e.g.</td>
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<tr>
<td>Integrated contracts, maincontracts</td>
<td>Steering towards required end result; accommodation / infrastructure as a service; outsourcing of coordination tasks</td>
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<tr>
<td>ESCO’s, DBFMO’s</td>
<td>TCO / LCC (sustainability), financing and financial stimulus to market; outsourcing of coordination tasks</td>
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<td>Frame work contracts / Purchasing collaboration</td>
<td>Benefits of scale and accumulation of expertise; outsourcing of coordination tasks</td>
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<td>Partnerships / alliances / supply chain collaboration</td>
<td>Stream lining interests, collaborative development (client – supplier(s))</td>
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<td>Best Value Procurement</td>
<td>Choosing the supplier with most expertise (project, risks, opportunities)</td>
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<td>NEC3</td>
<td>Target contract: profit sharing when improving quality and/or reducing cost</td>
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Supply driven, e.g.

| (Catalogue of) Concepts           | Standardized integral products, lean supply chain, collaborative development (supply chain) |
New types of collaboration: development of professionalism in client organisations

- Deciding on which model when to apply
- Specification
- Risk distribution
- Payment / rewarding mechanisms
- Procurement methods
- Legal systems
- Monitoring
- Contract management
- …
Research 1:  
A public commissioning maturity model for construction clients
Research aim

• Establish an overview of and insight into the nature and impact of characteristics of public organisations as determinants of their professionalism as public commissioning entities.
Maturity model

<table>
<thead>
<tr>
<th>Maturity level</th>
<th>Optimized</th>
<th>Managed</th>
<th>Standardized</th>
<th>Repeatable</th>
<th>Ad hoc</th>
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**State of development regarding professional commissioning in your organisation**

<table>
<thead>
<tr>
<th>Aspects</th>
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<td>Organisational strategy &amp; policy</td>
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<td>Culture &amp; leadership</td>
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<td>People &amp; learning organisation</td>
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<td>Decision models and portfolio</td>
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<td>Stakeholder management</td>
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<td>Public role</td>
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<td>Public rules of play</td>
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<td>Managing projects and assignments</td>
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Maturity aspects

1. Organisational strategy & Policy
2. Culture & Leadership
3. People & learning organisations
4. Decision models & portfolio
5. Stakeholders
6. Public values
7. Public rules of play
8. Interaction with the supply market
9. Managing projects and assignments
Validation results

• Application in 6 housing associations, a governmental body, a province, and Collaboration of Water boards and Municipalities.
• 2015 – 2016: 10 workshops
Some results

- Weak connection between policy and work floor
- Weak connection to HRM: training, personal development
- Tactical level is missing within client organisations (decision model), TCO, portfolio vs project
- Differences in way of working between departments (investments vs. asset management)
- Lack of consistency and continuity
Research 2:
Positioning and embedding of the commissioning role in the Dutch municipal practice
Aim

• Insight into the way the client role is embedded in municipal organisations; organisational models used, level of outsourcing, distribution of tasks and roles to increase possibilities for knowledge dissemination in municipal practice
3 Regions, 6 municipalities per region

- Where in the organization is which part of the commissioning role vested?
- Governance structures used
- Meetings and discussion platforms addressing commissioning
- Measures to further improve professionalism
Preliminary results

• Commissioning role is very fragmented: sometimes part of primary sometimes of secondary (supporting) processes;
• Commissioning role in urban planning and real estate separated, asset management and investments separated; each using own routes and methods;
• Large municipalities have differentiated policy lines influencing procuring issues;
• Smaller municipalities often have hardly any policy, while larger ones do have policies but show difficulty implementing them.
Research 3: Learning in project based organisations
Aim

• How does a (large) public construction client learn from the implementation of new forms of cooperation in urban development?

• Do project learn from each other?
• Does the organisation learn from projects?
• Do employees learn in projects?
Research questions

• Investigating the line organisation (policy making, HR, department) and projects
• 3 knowledge domains: organisational learning, interproject learning, knowledge governance
• Awareness, systems and structures, governance and management
Results

1. Paradox of distance
2. Parallel systems of learning
3. Continuous attention for learning
4. Awareness for the vulnerability of knowledge management
5. Transparency dilemma
6. Translating personal development to organisational interests
Conclusions
Preliminary conclusions

- Organizational issues and knowledge management are not ‘naturally’ thought of when rethinking new client – market collaborative models;
- Project-based organisations do not learn ‘easily’, so learning should be organised and made part of the organizational values;
- Pilot based developments in public procurement do not necessarily lead to organisation-wide change or development. Innovation will remain fragmented if no action is taken.
- Fragmentation of the commissioning role hampers structural learning.
- Further research is required.
Interested?

For publications (published and yet to come):

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Or: m.h.hermans@tudelft.nl