Professionalism of construction clients organisations

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Het OPDRACHTGEVERS FORUM in de bouw

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*

Public commissioning in the built environment

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.
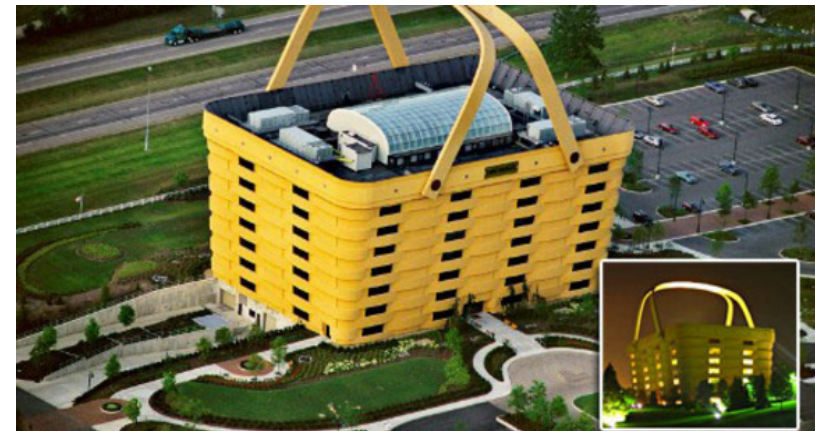
**Relevance of construction sector
for European economy (Eurostat, 2014):**

➢ 6% GNP
➢ € 650 billion added value

Dutch building production (EIB, 2014):
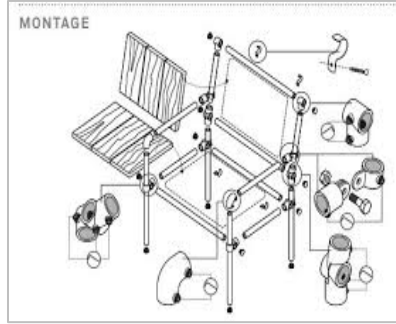
➢ € 50 billion added value

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Changed collaboration approach

FROM

Effort,
Lowest price

Tech specs & drawings
Contractors

Sequential & fragmented

'We -They'

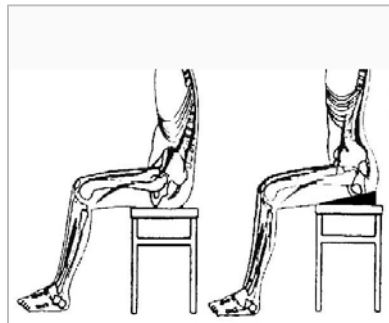**product**　　　**requirements**　　　**process**　　　**behaviour**
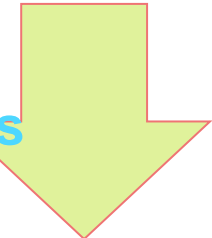
TOWARDS

Results,
Value for money

Functional specs
'integral service providers'

Coherence,
Risk control,
Innovation

Collaboration
Dialogue

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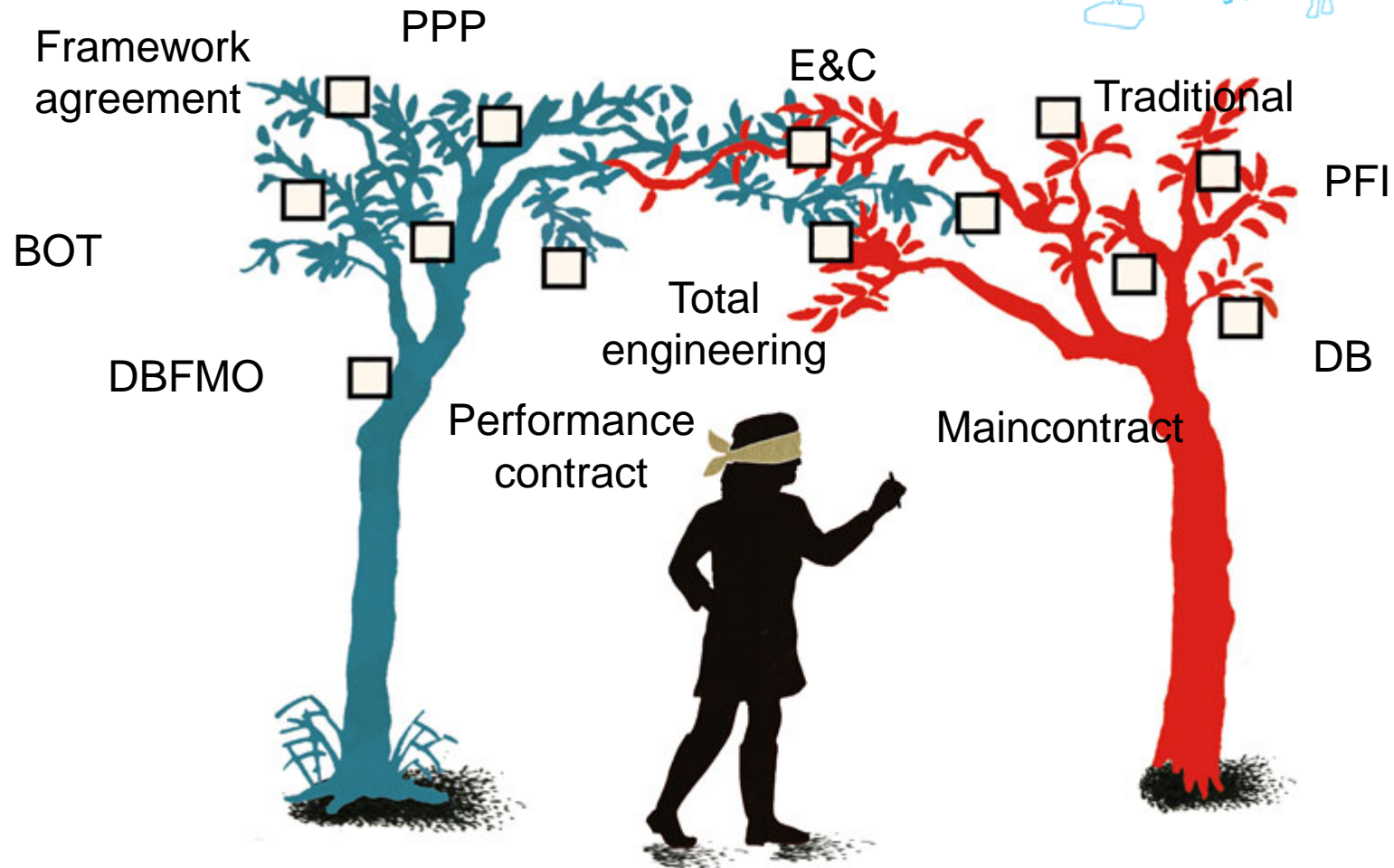
Definition project delivery model

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 · Traditional · BOT · PFI · Total engineering · DBFMO · DB · Performance contract · Maincontract

Other options, ……

'New' project delivery methods

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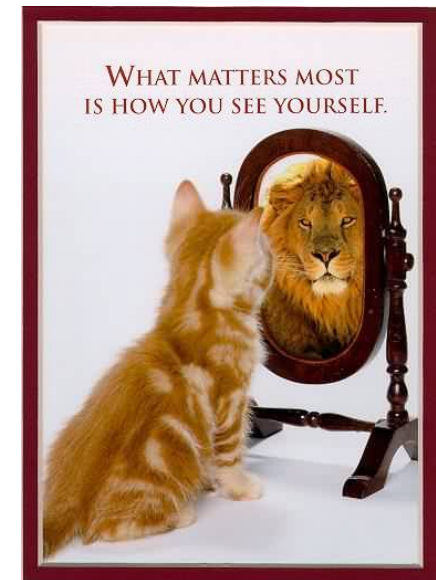
Maturity model

Maturity level			State of development regarding professional commissioning in your organisation								
	5.	Optimized									
	4.	Managed									
	3.	Standardized									
	2.	Repeatable									
	1.	Ad hoc									
			Organisational strategy & policy	Culture & leadership	People & learning organisation	Decision models and portfolio	Stakeholder management	Public role	Public rules of play	Interaction with supply market	Managing projects and assignments
			1	2	3	4	5	6	7	8	9
			Aspects								

Maturity aspects

9. Managing projects and assignments

3. People & learning organisations

2. Culture & Leadership

4. Decision models & portfolio

1. Organisational strategy & Policy

5. Stake-holders

6. Public values

7. Public rules of play

8. Interaction with the supply market

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 porject
- 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
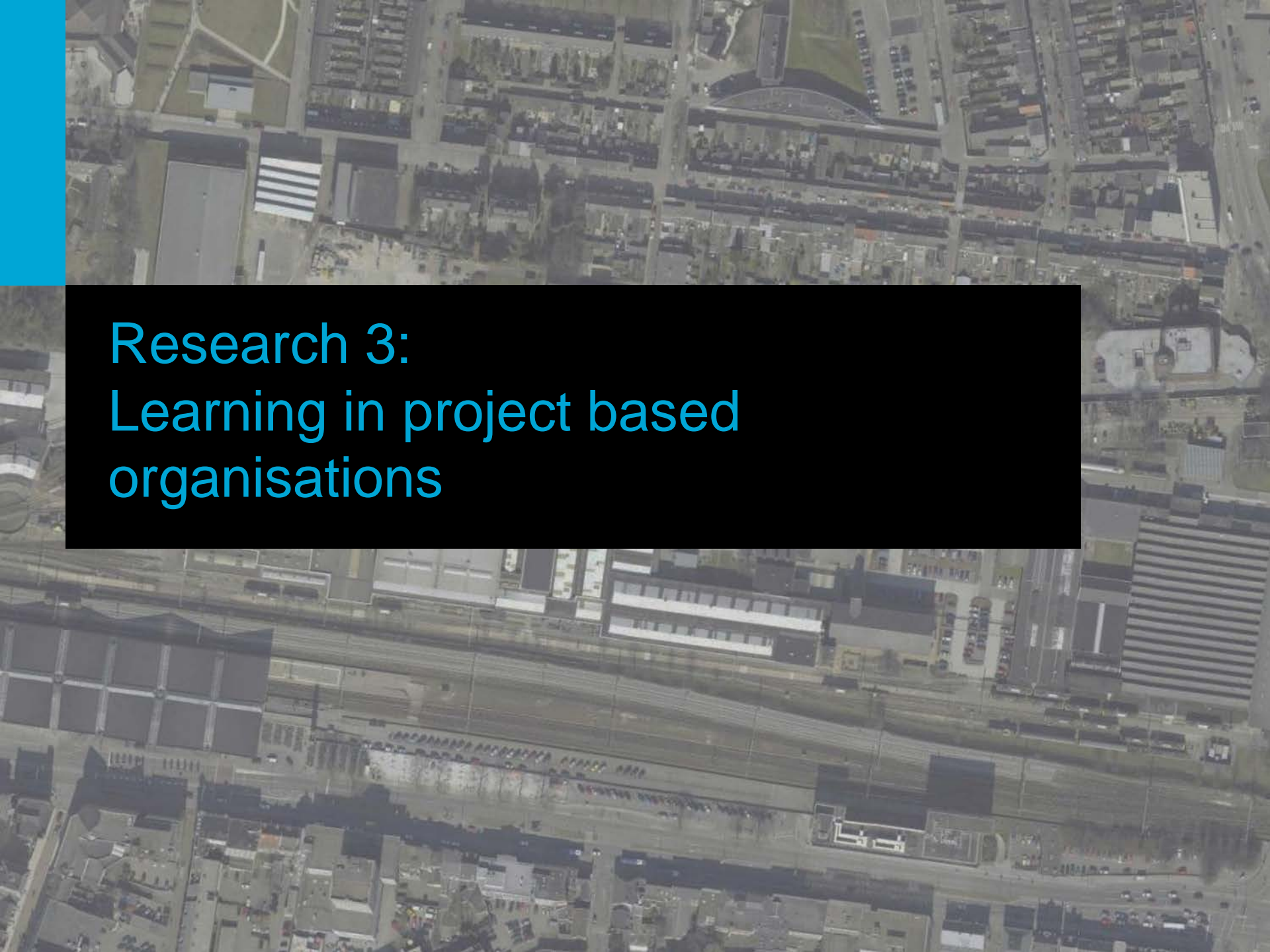
3 Regions, 6 municipalities per region

- 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. Transparancy 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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