

GOOD RELATIONSHIPS, BETTER NETWORKS and BEST VALUE

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OUTLINE

- **A Tale of Two Targets - [1] Integrated Teams
[2] Improved Value**
- **Can we achieve more VALUE by INTEGRATING the two Targets?!**
How? ... through RIVANS (Relationally Integrated Value Networks)
- **WHY RIVANS?**
- **WHAT REALLY ARE RIVANS?**
 - ‘better **value**’ through greater **integration**’ AND
‘better **integration**’ through a ‘**value focus**’
- **How can we minimise ABUSE of RIVANS?**
- **Ongoing R&D in RIVANS**
- **YOUR thoughts on RIVANS?**

The TALE OF TWO TARGETS / TWIN INITIATIVES

[1] INTEGRATED TEAMS

Examples:

(a) In Hong Kong, CIRC (2001) recommended:

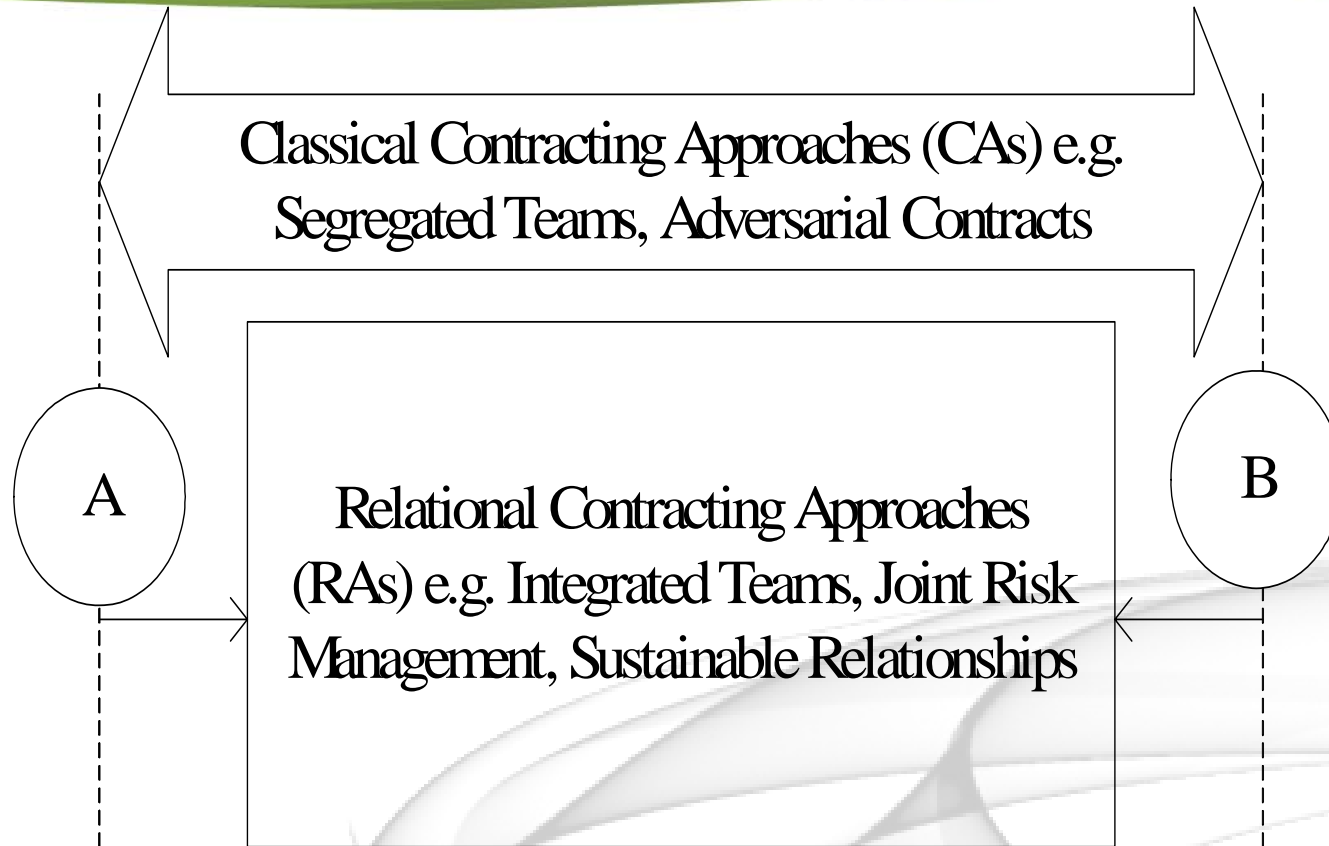
- **partnering culture, integrated industry**

(b) In UK:

2002 'Accelerating Change' Report urged:

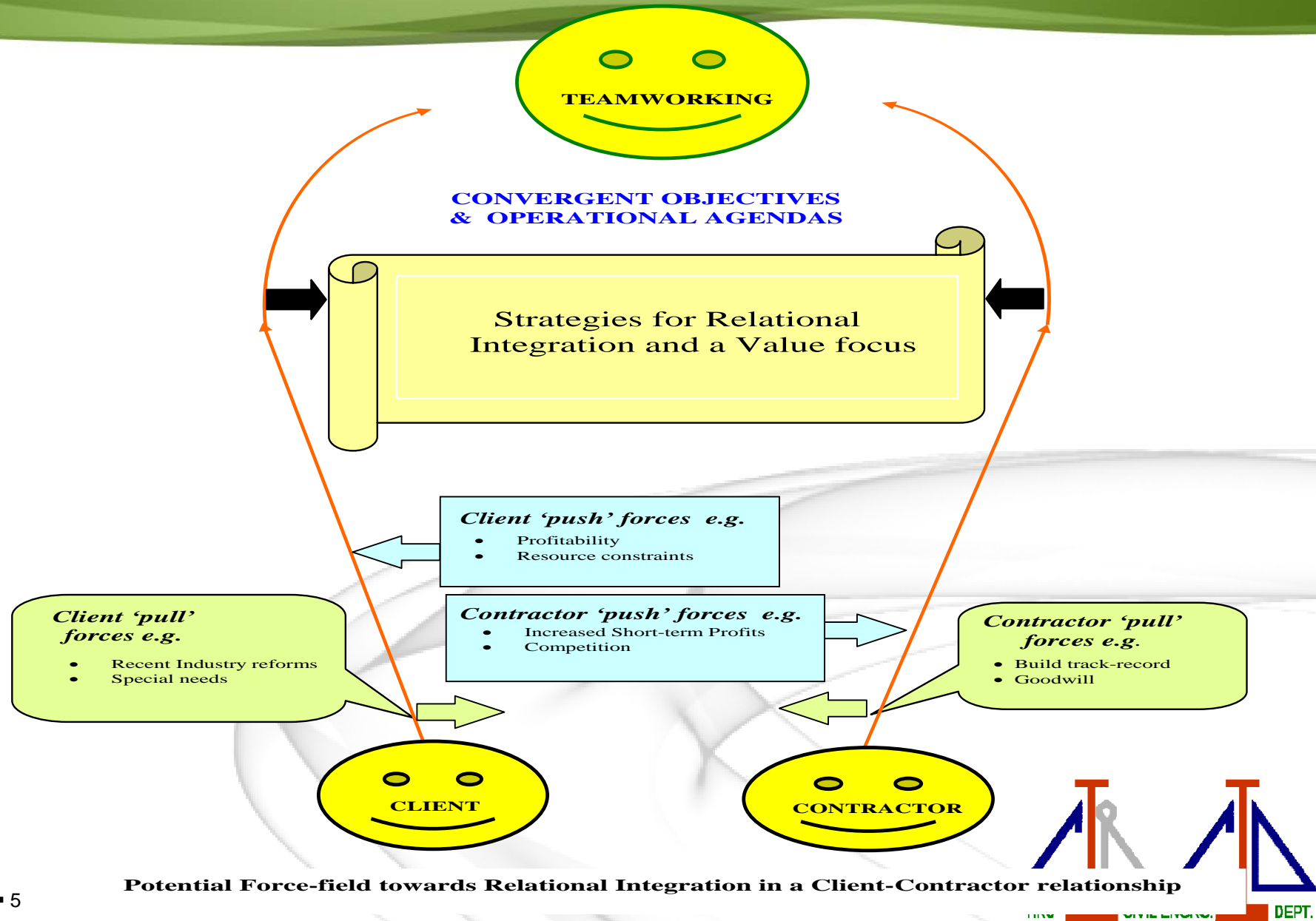
- **Integrated Teams and Supply Chains**
- in 20% of UK industry by 2004, and 50% by 2007

[1] INTEGRATED TEAMS ?



Equilibrium of Push-pull forces between any two team members

[1] INTEGRATED TEAMS



[2] 2ND TARGET / INITIATIVE?

-why we are together today! ‘VALUE’ !
- Longer history than 1st initiative
- Pursued though ‘VALUE MANAGEMENT’

.... and Parallel Initiatives e.g. LEAN THINKING –
in ‘Lean Construction’, ‘Lean production’ etc.

ARE WE ACHIEVING OUR TARGETS?

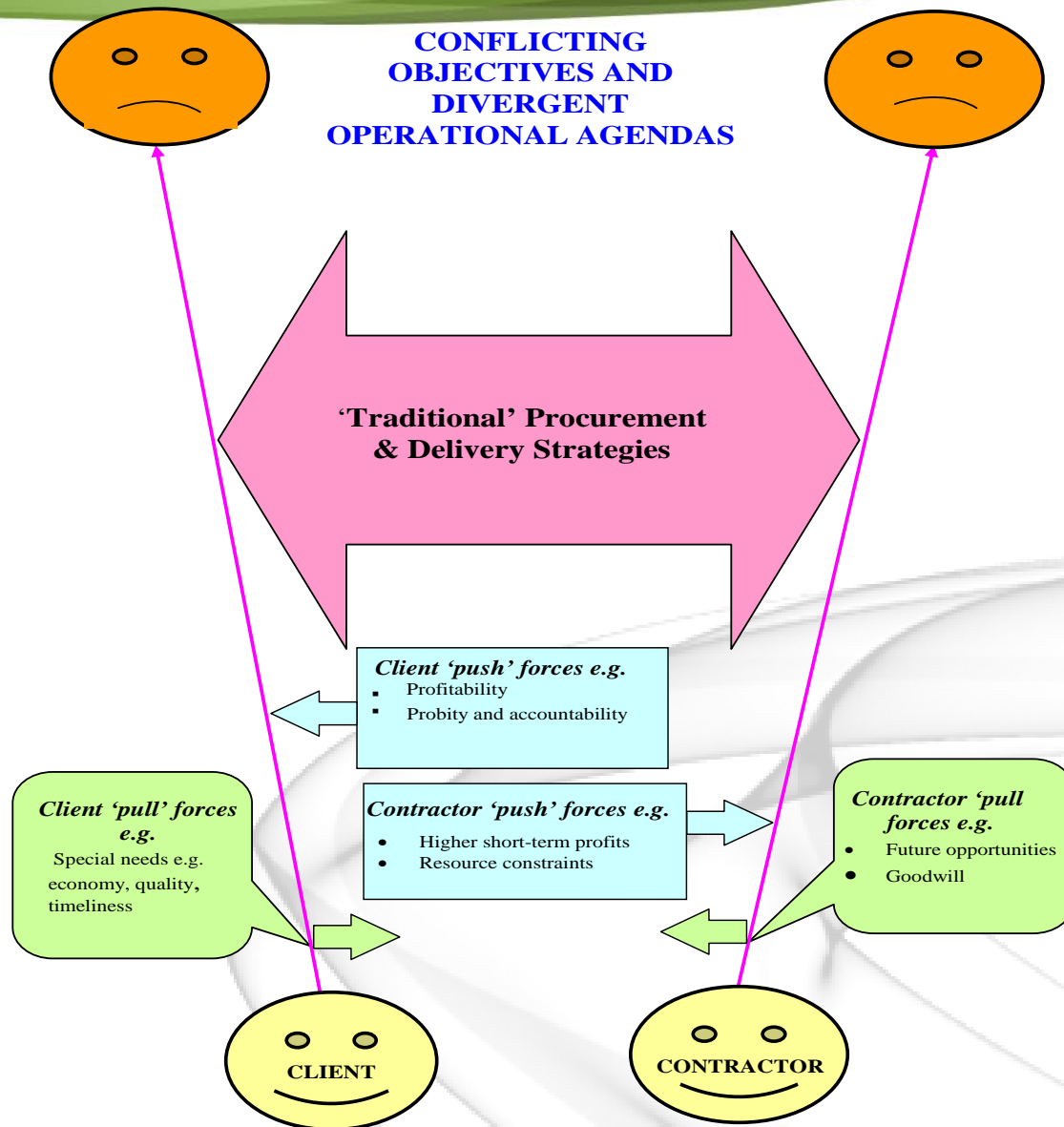
- **Taking Target [2], are we achieving ‘high value’ in most projects?**
- ... if so, why are we still debating on how to do it after half a century of development?
- **How about Target [1] on ‘Integrated Teams’?**
- **A recent estimate by a UK academic predicted a ‘saturation level’ of only about 12% of UK contracts being formally ‘partnered’ even in future (although 25 % may use NEC formats). cf 50% target of Strategic Forum**

ARE WE ACHIEVING OUR TARGETS?

- **So UK industry is unlikely to meet 50% target** (for integrated teams and supply chains by 2007) **even in the future**
- **Also, integrating FUNCTIONS is not enough:**
- **D&B, DBO, PPP – only Functional Integration – “Structural Integration”**
- **this helps, but we still need**

RELATIONAL INTEGRATION

So we still see



Is there 'Value' in 'Integrating' the two initiatives?

.....by synergising relevant thrusts of (a) **supply chain management**, & (b) **value management**; and (2) empowering **superior governance, exchange, procurement and delivery** through **value-focused** and truly integrated teams

- **EMPHASIS IS ON VALUE & TEAMWORKING - THROUGH BETTER RELATIONSHIPS**
- **Enabling 'relational' integration'** of hitherto mutually suspicious project participants into **cross-linked 'value networks'**

COMBINED TARGET ?

Aiming to:

- **Boost relationships & project performance**

- through better team-working, in turn envisaged through genuine co-operation and relational contracting type joint risk management - **beyond** partnering and alliancing

- **Boost overall Value**

- enhance & synergise 'value streams' flowing from each network member - **better** than in traditional supply chains



Double-barrelled Approach to Combined Target

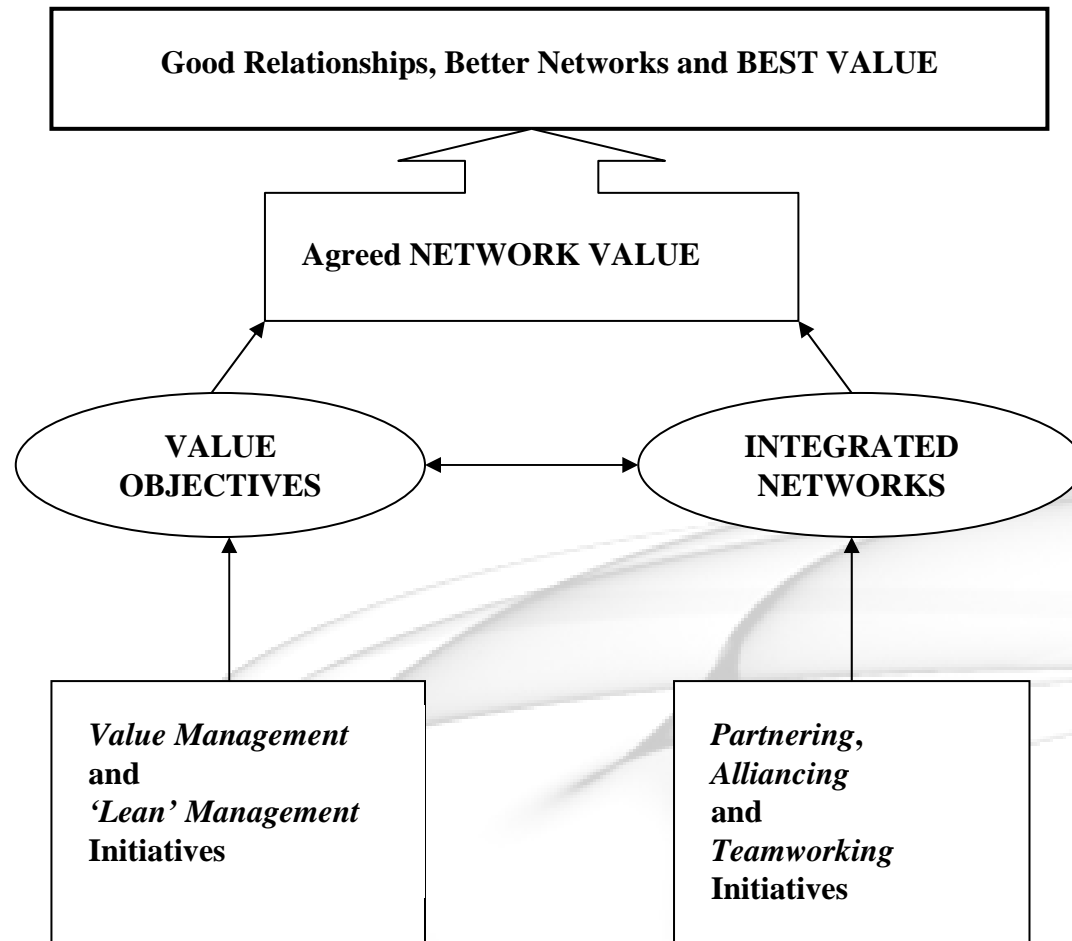


Figure 1: Basic Thrusts in RIVANS conceptualisation

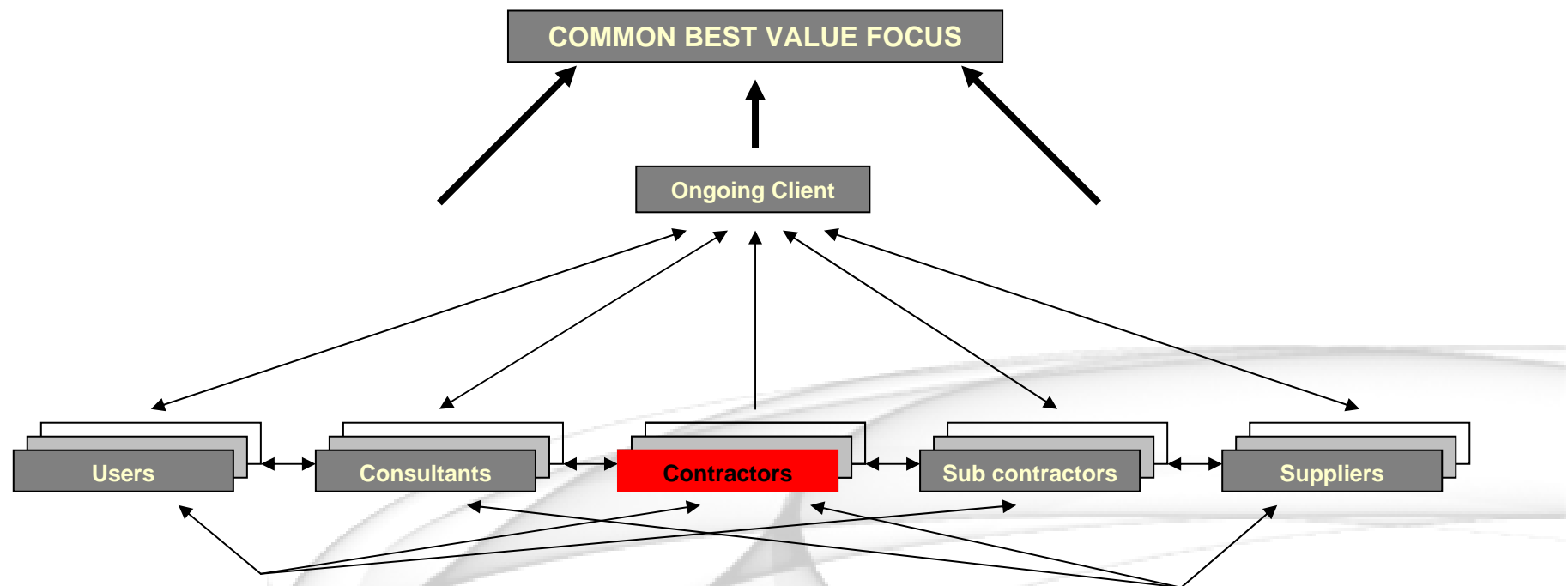
What really are RIVANS ?

- **Relationally Integrated Supply Chains?**
- **Relationally Integrated Project Teams?**
- **Need Common Objectives** – e.g. Time, Image, Future work Opportunities/ continuity, economies of scale, lower learning curves**COMMON VALUE FOCUS?**
- **Longer Term and Wider Value Networks?**

Relationally Integrated Value Networks
- RIVANS

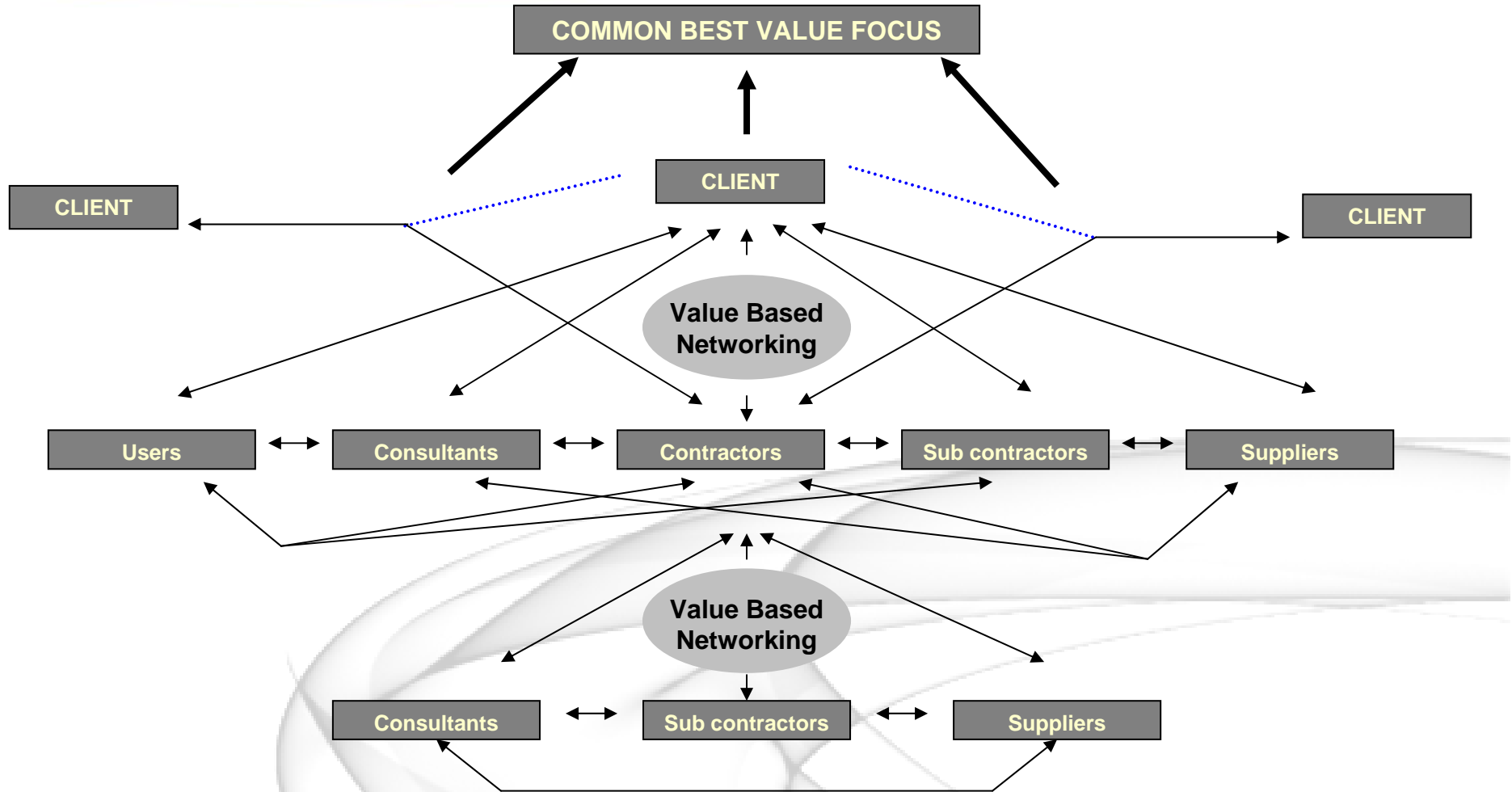
Conceptual Structure of a 'large' Client's

Relationally Integrated Value Network (RIVAN)



Each contracting party has its own set of supply chain linkages (although some may overlap with others)

Industry Wide RIVANS



Later, a centralised Databank (in the long term) may also enable:
(a) shared information, and (b) performance benchmarking

How to describe RIVANS?

**Highly Integrated, 'super-charged'
SUPPLY NETWORKS
with a strong focus on OVERALL VALUE**

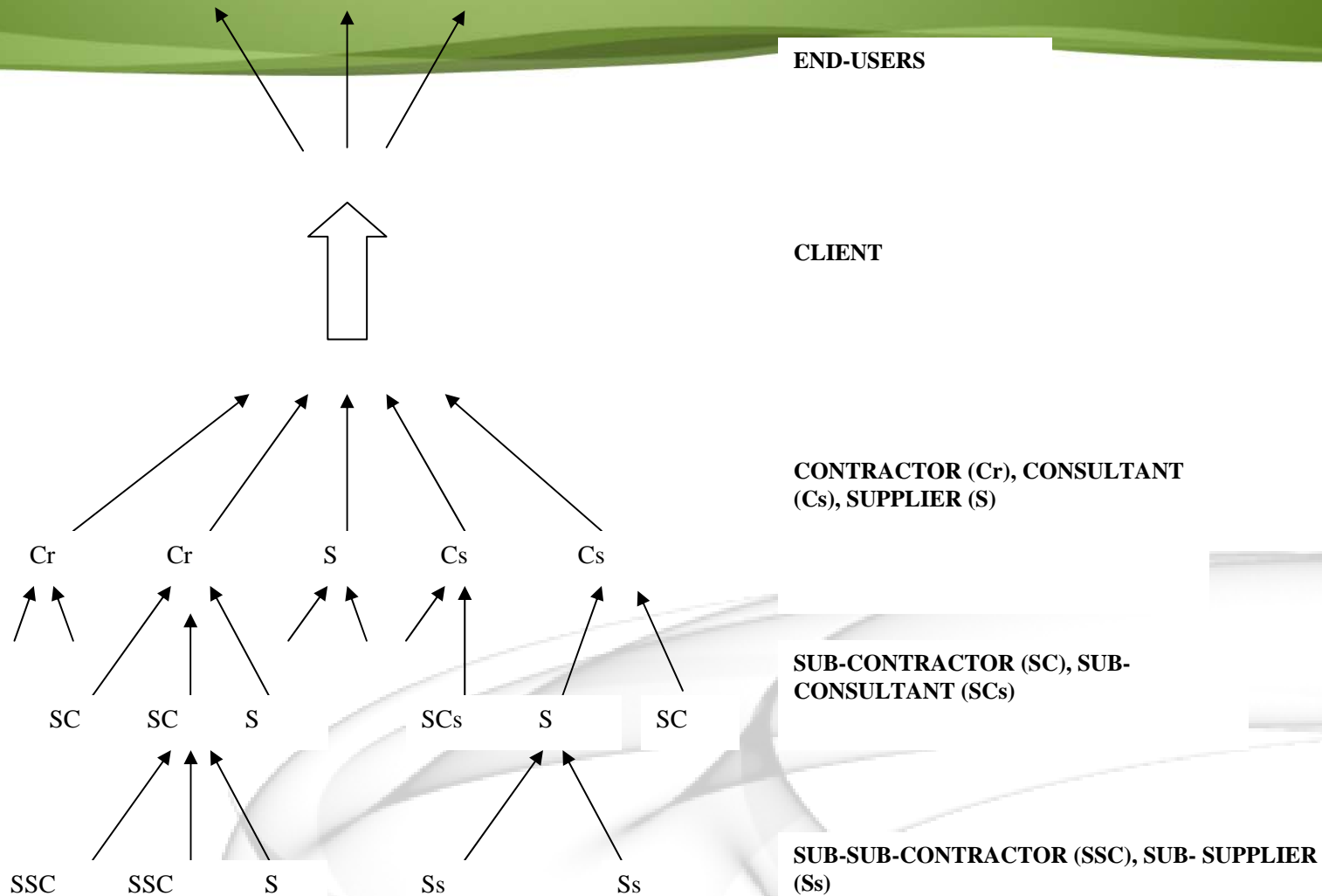
strong Relationships, high Trust levels

explicit **Value Objectives:**

- (a) target Common Value Objectives +**
- (b) recognise residual independent
(organisational) Value Objectives**

**Draw out synergistic Value Streams from all
Network members**

DISTRIBUTED VALUE IN USE



Supply chain members add value at each stage – as represented by the arrows / 'VALUE STREAMS' leading up to 'combined value' to client

Identifying NETWORK VALUE ... examples:

■ Revaluing construction by CIB

- the maximization of the value jointly created by the construction stakeholders and the equitable distribution of resulting rewards (Barrett, 2005)

■ ECI Whole Life Value Toolkit

- to assist stakeholders in
 - (a) identifying the difference between price and value,
 - (b) identifying project value drivers and how to reconcile conflicting value drivers between project stakeholders,
 - (c) measuring value etc.

CAN NETWORK 'MEMBERS' ABUSE RIVANS ?

-Of course! ... As in any system.
- So how to minimise cosy relationships, collusion, cartels and worse?
- Encourage elements of competition:
- **CO-OPERATION + COMPETITION**
= **CO-OPETITION ?**
 - **co-operating to compete better (together)**
 - creating a bigger pie, while competing in dividing it: **"win-win"**
- **continuously improve efficiencies** – for competing against other networks, and therefore within ones own network as well!

ONGOING R&D to develop RIVANS

Example 1: CICID Workshop I (01 Dec. 2007) outputs:

- **Defining & Pursuing Value**
- **Network Sourcing & Strategic Alliances**
- **Client Leadership**
- **Empowerment**

See: http://www.hku.hk/cicid/3_events/63/63_summary.pdf

RIVANS Workshop I - Dec. '07

- Enhancing Performance and Overall Value through RIVANS (01 Dec 2007)

 Centre for Infrastructure & Construction Industry Development 
RIVANS WORKSHOP
ENHANCING PERFORMANCE & OVERALL VALUE THROUGH RELATIONALLY INTEGRATED VALUE NETWORKS (RIVANS)
01 December 2007



ONGOING R&D to develop RIVANS

Example 2: CICID Workshop II (31 May 2008) outputs:

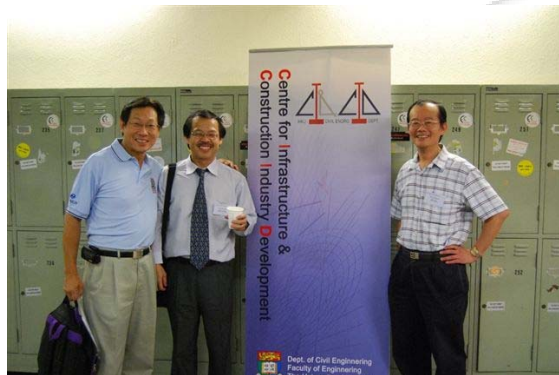
- **Network Objectives (and Network Value) in RIVANS**
- **Network Management in RIVANS**
- **Network Learning in RIVANS**
- **Network Evaluation in RIVANS**

See:

http://www.hku.hk/cicid/3_events/68/68_RIVANS_Workshop_II_Report.pdf

RIVANS Workshop II - May '08

- Boosting value by building RIVANS (31 May 2008)



CONCLUDING REMARKS ... we moved ...

- from ... a **TALE OF TWO TARGETS**
- to ... a **STORY OF ONE INTEGRATED INITIATIVE**
- for ... **GOOD RELATIONSHIPS,**

BETTER NETWORKS and

BEST VALUE !

ANY THOUGHTS ON RIVANS?

Enjoy VM! Enjoy RIVANS!

Centre for Infrastructure & Construction Industry Development

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