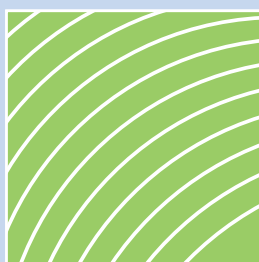


Value in Project Delivery Systems: Facilitating a Change in Culture

Relationship management
in construction projects
- the positive way forward



CRC Construction Innovation
B U I L D I N G O U R F U T U R E

CRCs bring together researchers
from universities, CSIRO and other government laboratories,
and private industry or public sector agencies, in long-term collaborative
arrangements which support research and development and education activities
to achieve real outcomes of national economic, environmental and social significance.



The problem

In today's world with increasing emphasis on value, performance and probity, old systems of procuring construction - which are adversarial and rooted in conflict - are no longer acceptable, and a new approach based upon relationship management is becoming increasingly popular and successful. This research project, undertaken through the Australian Cooperative Research Centre (CRC) for *Construction Innovation*, is investigating how culture change can be managed in such a situation.

The call for change

Successful implementation of relationship management requires strong commitment and continuous understanding at all levels. The trend towards consideration of non-price criteria and the advent of relationship management and alliance-type contracts has encouraged increased focus on the collaborative elements of project team management.

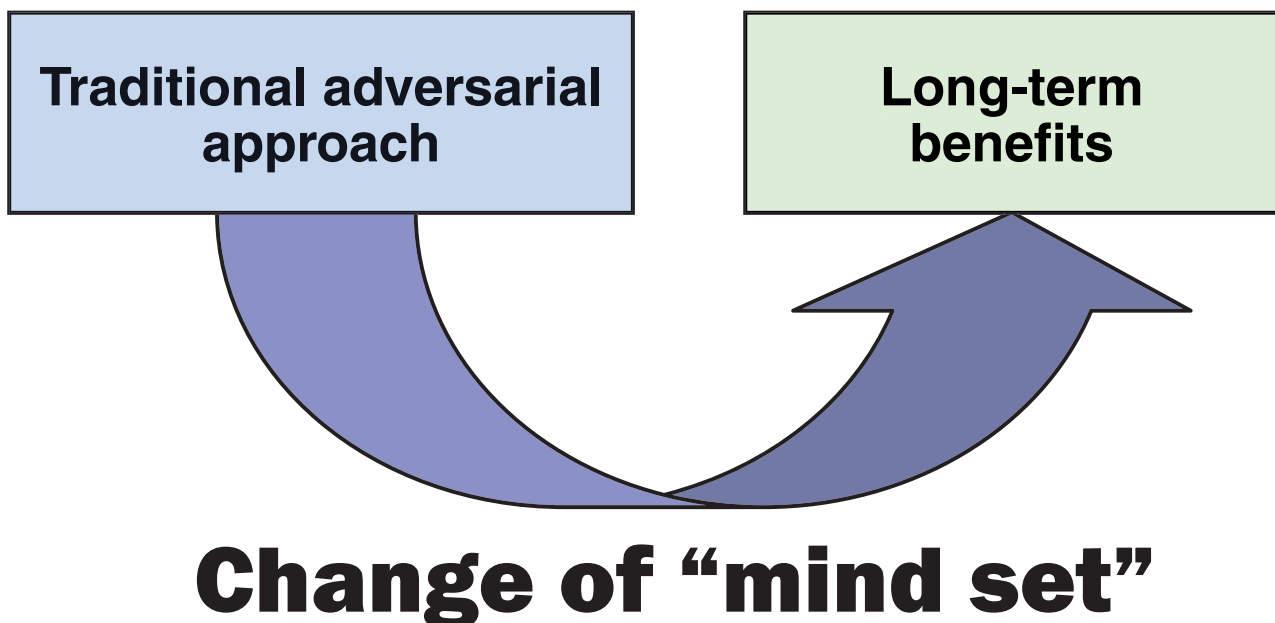
Industry accepts that a cultural shift is required to maximise the outcomes from such projects. However fostering the right culture is not a challenge for the project team alone. The client organisation must also develop an appropriate culture to be able to propose and manage relationship contracts.

Both government and industry have identified needs for "revaluing construction" and engineering a better process and procedures in order to deliver value to all participants and stakeholders. Continuous, open and honest communication is the key to the success of this process, moving away from adversarial approaches towards a more cooperative and collaborative environment.

Having identified the significance of the issue on a global scale, this *Construction Innovation* research project is investigating *Value in Project Delivery Systems: Facilitating a Change in Culture*.

Partnering, alliancing and relationship management

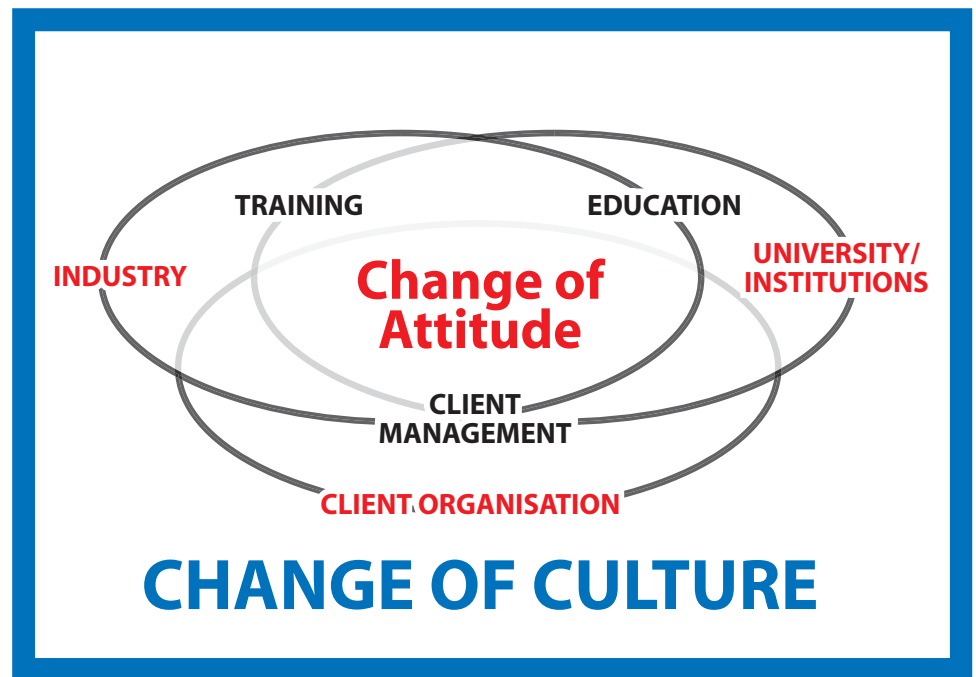
Partnering, alliancing and relationship management require a change of mind set - a culture change - and the client side must change along with the contracting side. A fit is required between organisational structure and culture. Relationship contracting has the potential benefits of achieving stakeholder empowerment, facilitating regional development and delivering a sustainable industry.



A change based on a sound understanding of underlying culture and attitudes is required for successful implementation of relationship management approaches. The change must be directed towards developing attitudes and a culture that are supportive of relationship management.

Project outcomes

- A better understanding of team and organisational culture
- A process for selection of a collaborative team to fit with an appropriate contract strategy
- A set of roles, procedures and protocols to maintain relationship management throughout the project
- A change in attitude
- An industry-wide education and training initiative



Key project findings

- Project delivery systems (PDS) are seen differently by different organisations but can be categorised by a set of PDS variables
- A procedure for selecting appropriate PDS and relationship management components is under development
- Relationship management is viewed differently by different organisations but can be applied to any project delivery system
- A PDS and relationship management terminology and set of definitions would aid understanding and communication, particularly for client organisations
- Many participants are not used to or familiar with PDS and relationship management in practice
- A fallacy has become apparent – contractors may mistakenly conceive relationship management as leading to a “mates rates” approach
- Relationship management is about stimulating communication and breaking down barriers
- Relationship management is about opening up communication, getting discussions going and overcoming problems or issues faster, but not focussing on the money aspect of the project
- Top managers tend to carry out relationship management in their own way
- Relationship management is often seen as a longer term marketing “tool” in which the contractor has the opportunity to enhance its reputation and future work prospects
- Clients must be educated to recognise the benefits of and their role in relationship management
- Relationship management can achieve project, personal and political objectives
- Current tertiary and professional institutions need to drive the culture change by incorporating relationship management more fully into their curricula

Major issues emerging

Projects

- Relationship management must be implemented at all levels in the project
- Relationship management must be continuously facilitated, it is NOT a one off process
- Certain projects do not require relationship management
- There are many examples of relationship management leading to successful projects, but it is not necessarily dispute free

People

- Training and education is needed
- Facilitation is essential to break down barriers and to enable blame-free and open communication
- Facilitation should be a continuous process
- Relationship management and novel PDS lead to new roles which must be recognised and defined
- Informal communication should take place in a structured environment
- Not everyone is suited to relationship management

Building a successful relationship management culture depends on

- Employing the right people. Believing in relationship management must be one of the considerations in the recruitment process.
- Provision of training and development on relationship management, company and industry-wide.

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The Australian CRC for *Construction Innovation* is a national research, development and implementation centre focussed on the needs of the Australian property and construction industry. *Construction Innovation* takes innovative ideas and turns them into collaborative research to produce industry-relevant results for our partners and the whole industry.

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Partners in progress

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