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?

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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

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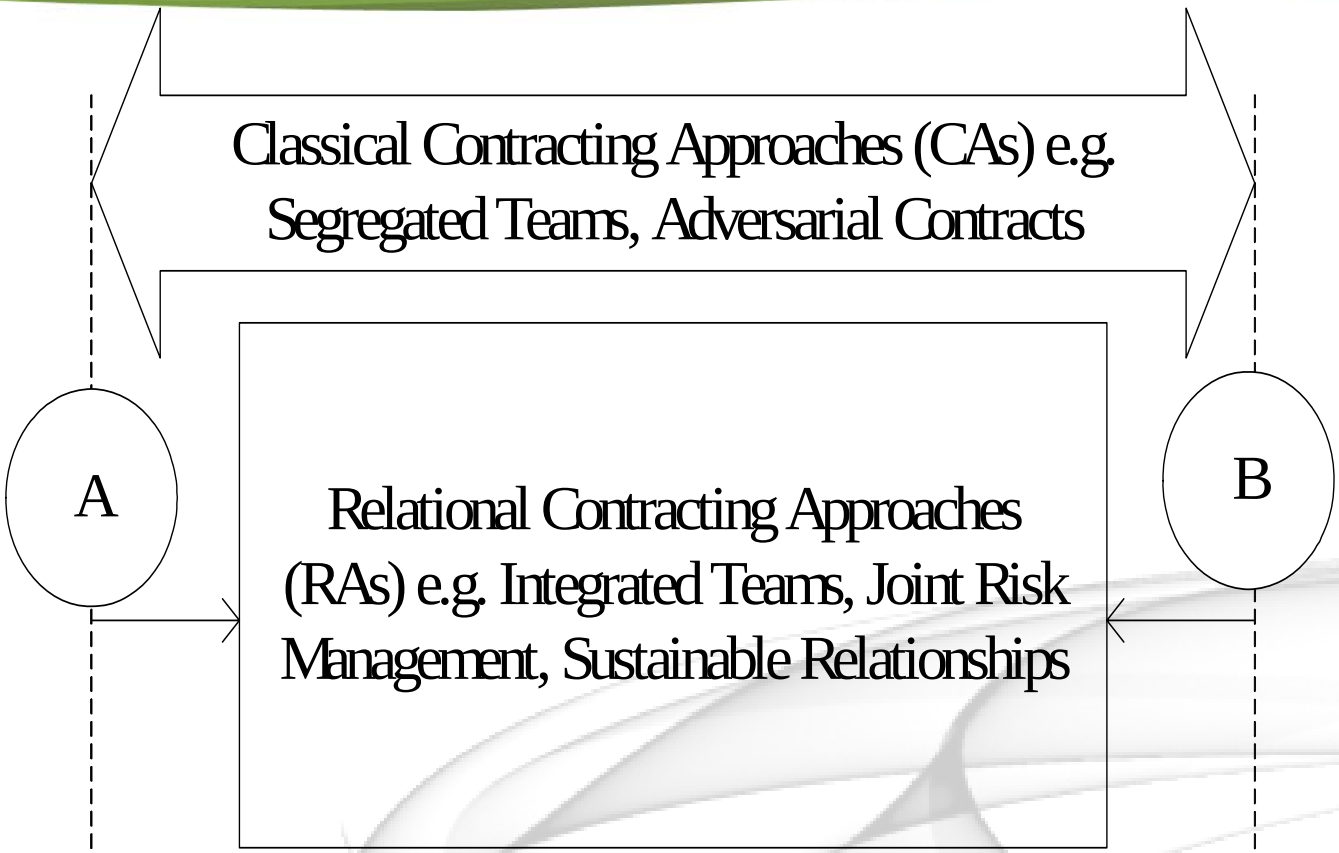
[1] INTEGRATED TEAMS ?



Equilibrium of Push-pull forces between any two team members

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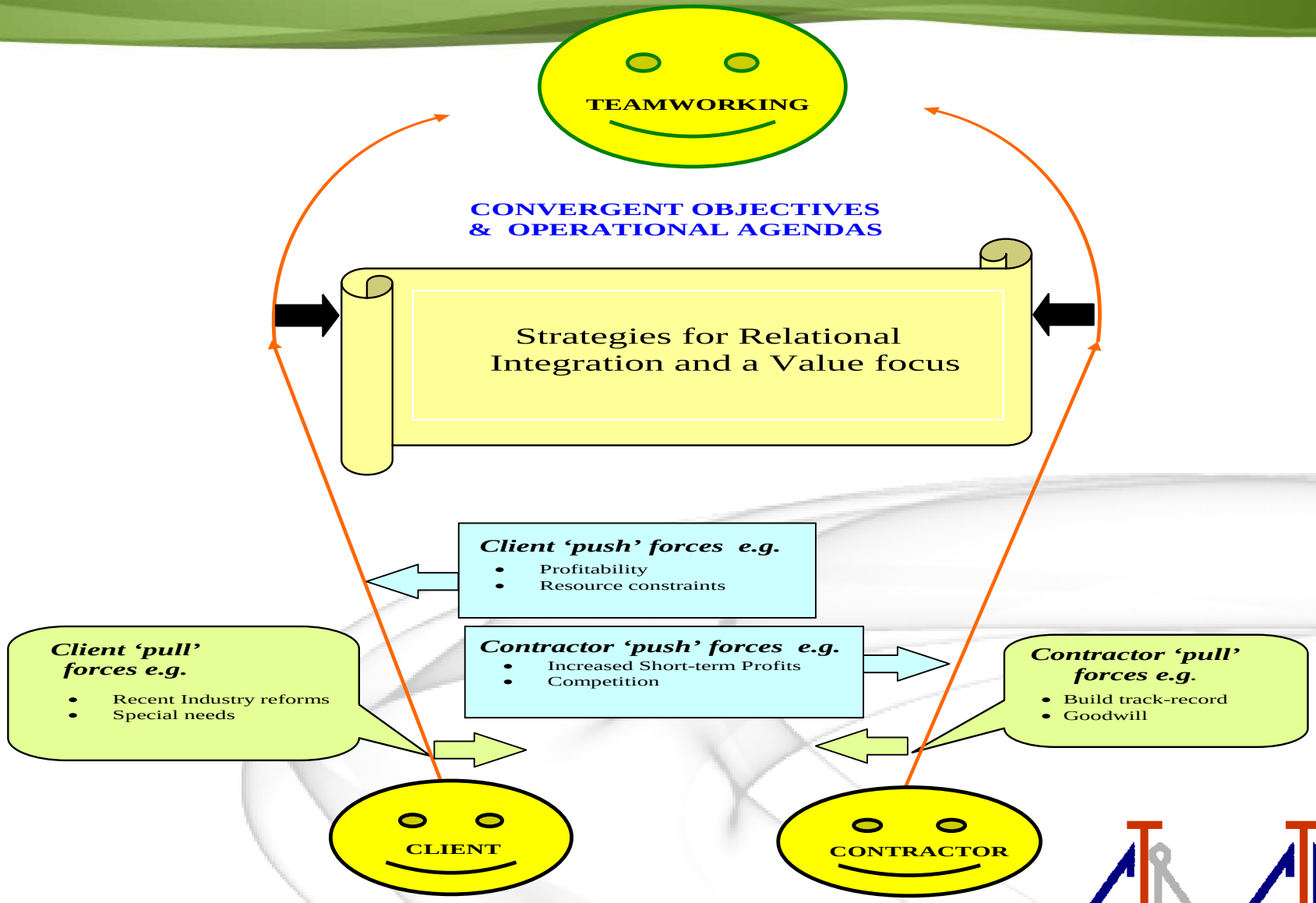
[1] INTEGRATED TEAMS



Potential Force-field towards Relational Integration in a Client-Contractor relationship

[2] 2ND TARGET / INTIATIVE? …..

- ….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.

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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**

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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

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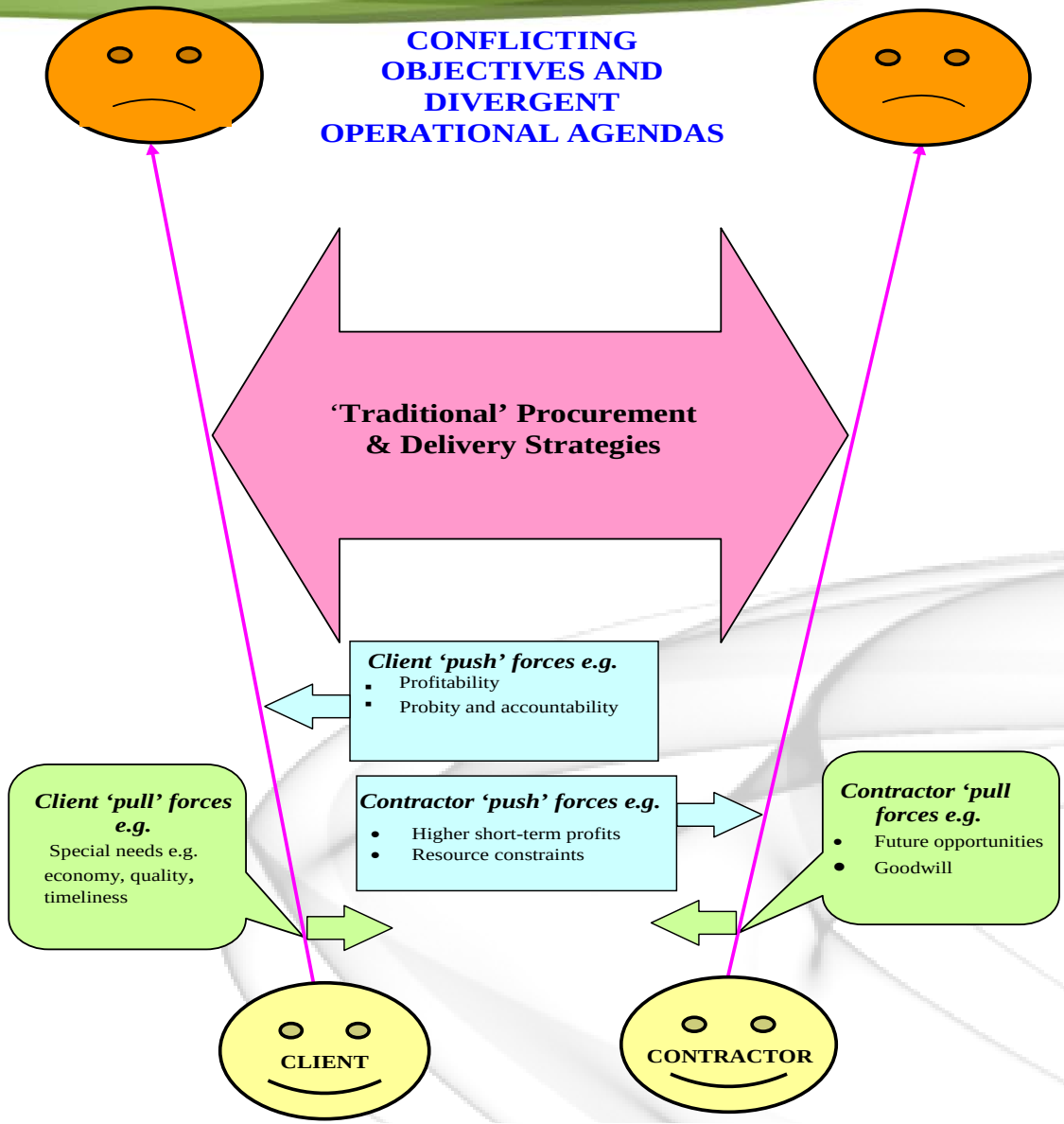
So we still see …..



Example of Force-field 'against' Relational Integration in a Client-Contractor relationship

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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'**

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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

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Double-barrelled Approach to Combined Target

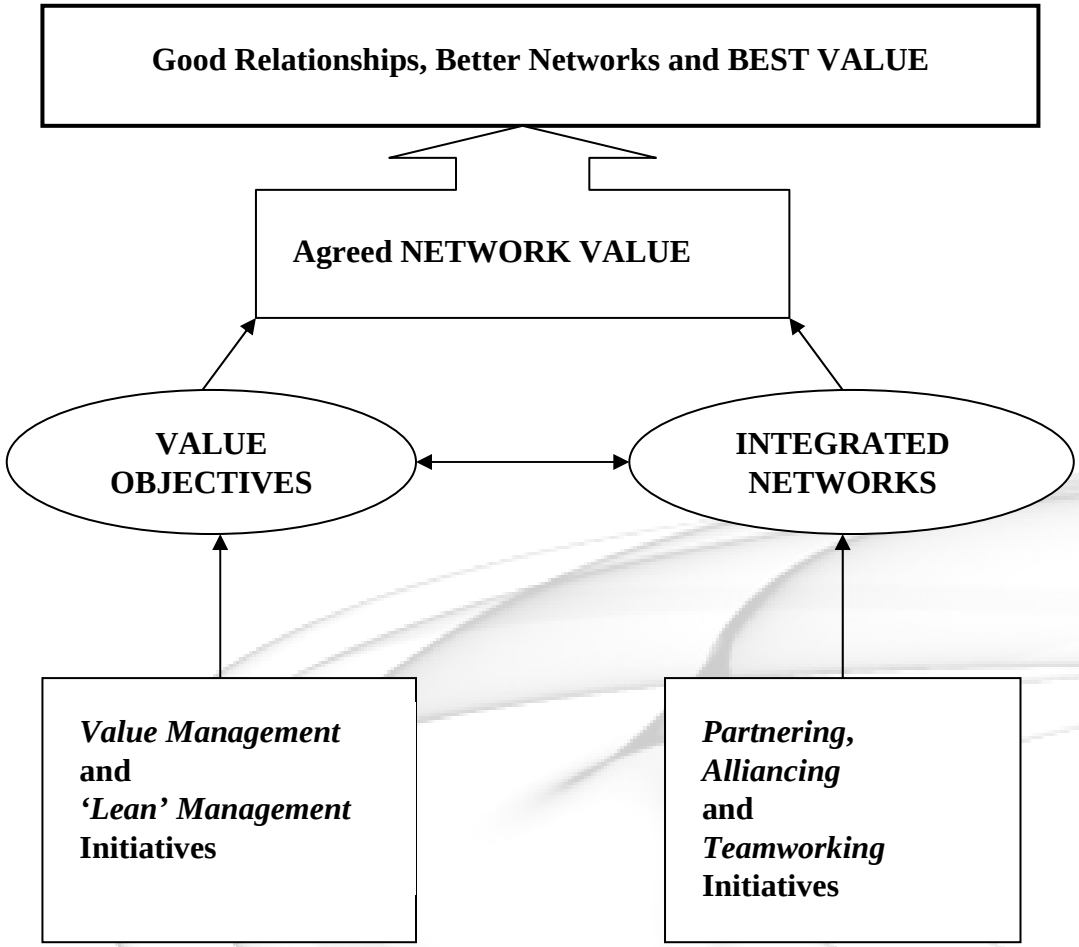

Figure 1: Basic Thrusts in RIVANS conceptualisation

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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

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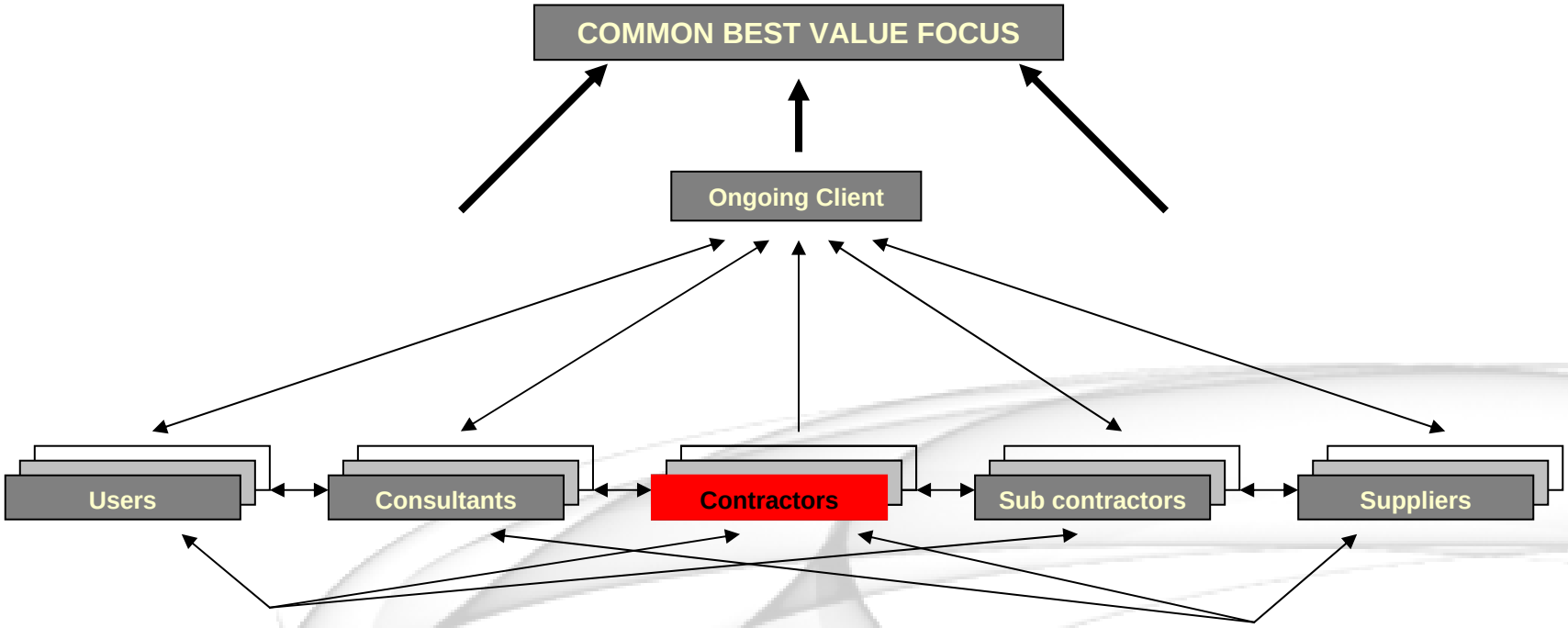
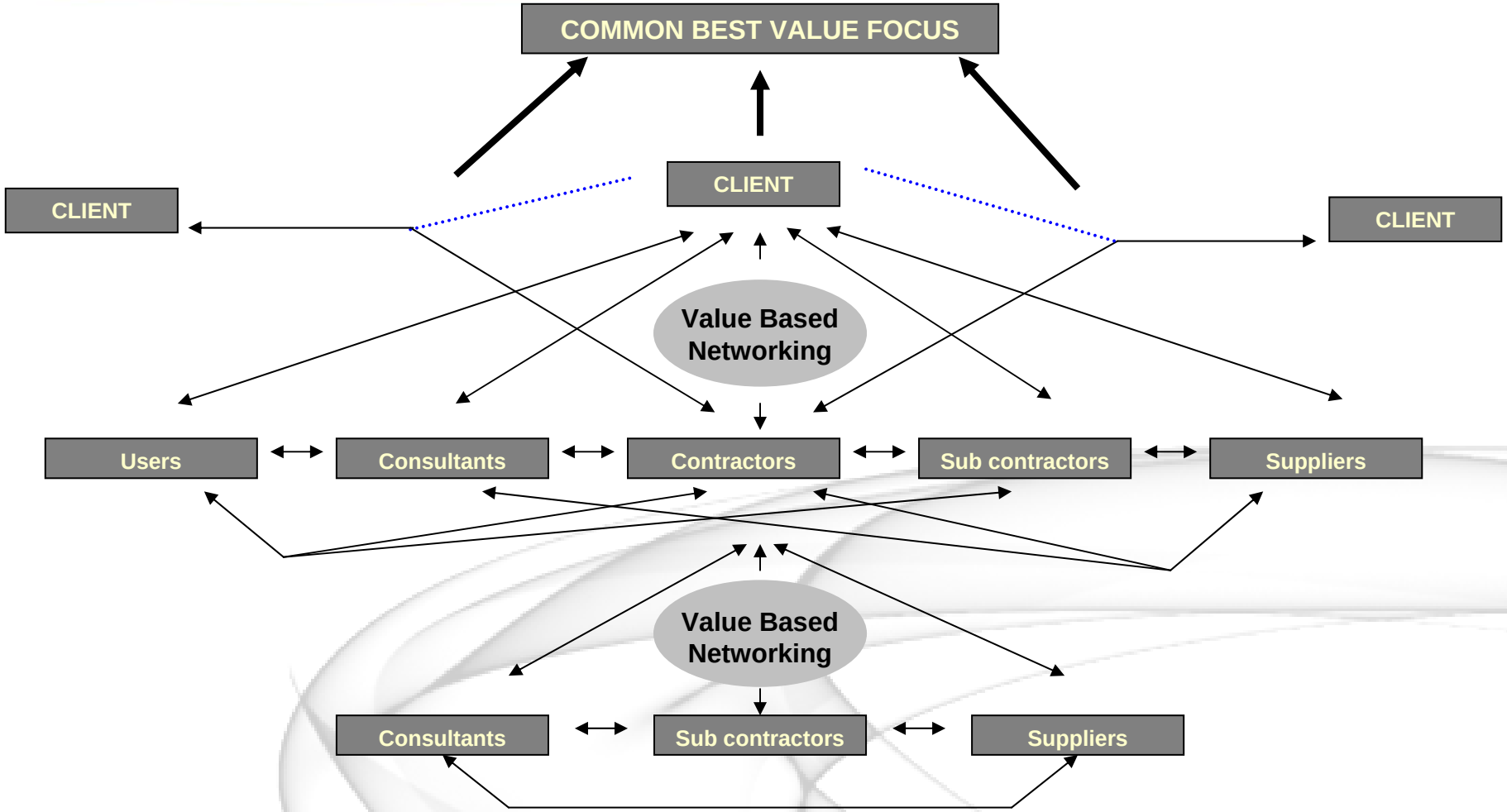
Conceptual Structure of a 'large' Client's Relationally Integrated Value Network (RIVAN)



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

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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

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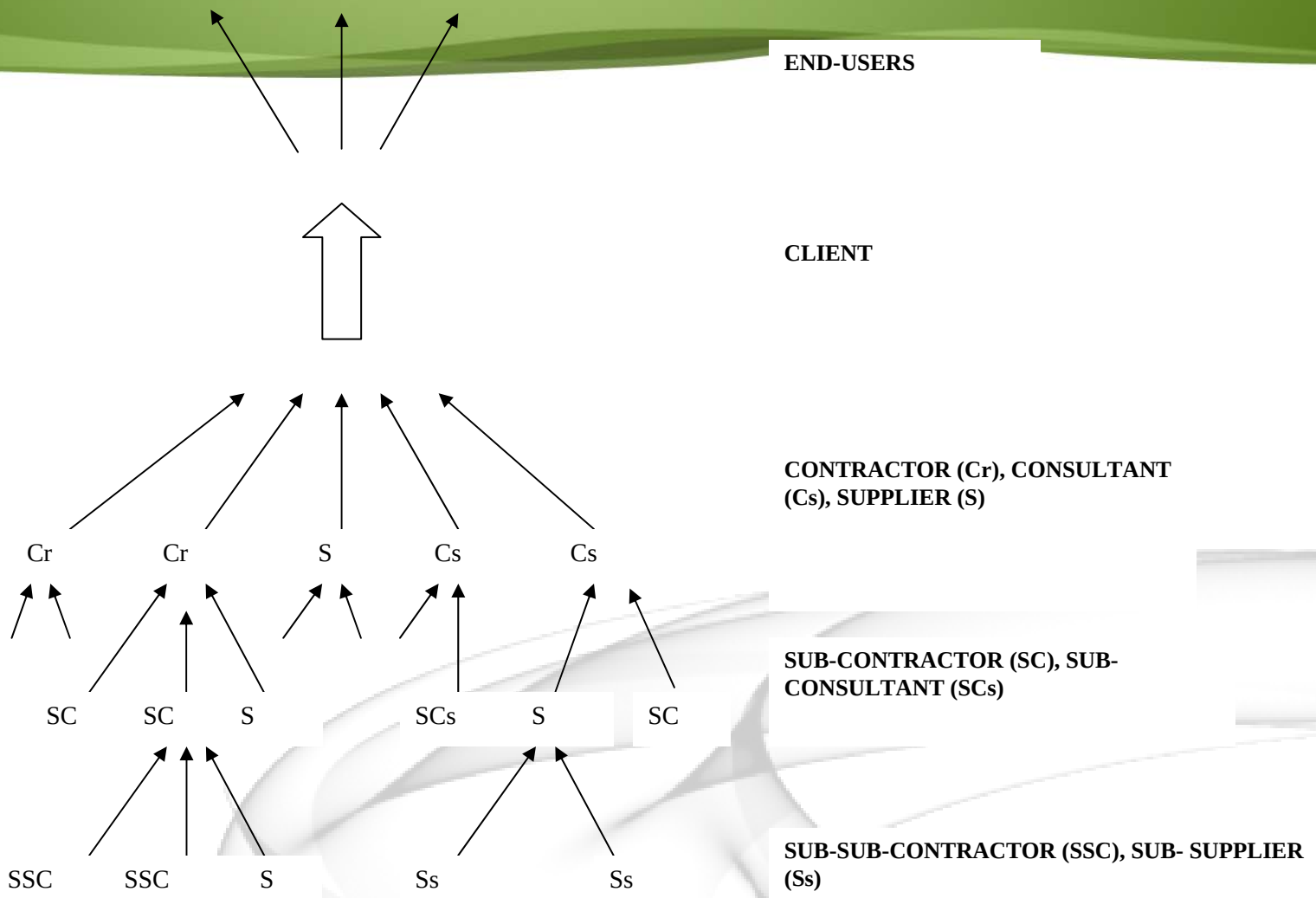
DISTRIBUTED VALUE IN USE



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

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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!

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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

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RIVANS Workshop I - Dec. '07

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

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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

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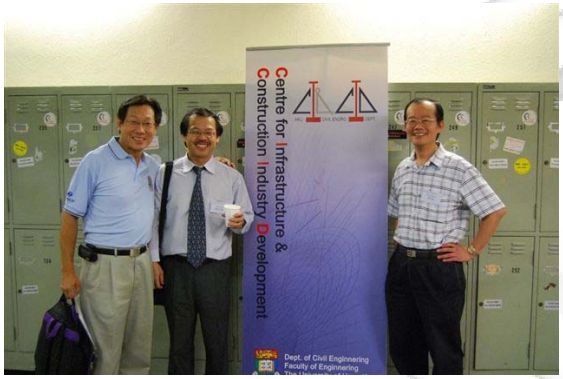
RIVANS Workshop II - May '08

- Boosting value by building RIVANS (31 May 2008)



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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?

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Enjoy VM! Enjoy RIVANS!

http://www.hku.hk/cicid/