



“RIVANS” WORKSHOP

ENHANCING PERFORMANCE & OVERALL VALUE
THROUGH
RELATIONALLY INTEGRATED VALUE NETWORKS (RIVANS)

James Lee Building, HKU

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**CENTRE FOR INFRASTRUCTURE &
CONSTRUCTION INDUSTRY DEVELOPMENT**
THE UNIVERSITY OF HONG KONG



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1 INTRODUCTION TO RIVANS

The RIVANS (Relationally Integrated Value Networks) research project funded by the Hong Kong Research Grants Council, aims to develop a holistic conceptual framework for ‘relational’ integration of hitherto mutually suspicious project participants into cross-linked ‘value networks’. A well formulated ‘network value’ (overall common value) focus is expected to empower the optimal integration of project teams, and thence to synergies through relationally integrated processes. This goes beyond mere ‘structural integration’ e.g. through procurement modalities such as DB (Design-Build), DBO (DB-Operate) or even PPPs. The development of this framework is also expected to help in identifying and incentivising potentially divergent value streams towards a confluence of consolidated high-performance levels.

2 WORKSHOP BACKGROUND

2.1 Workshop Foundation & Objectives

Knowledge acquired from previous research was used to develop a framework for visualising project participants in value-focused cross-linked relational networks. Findings from the literature and two longitudinal case studies helped to formulate conceptual frameworks and identify factors that can help in setting up successful RIVANS. This Workshop was organised to review these initial findings, while attracting strong inputs and feedback from experts in public and private sectors and academia.

2.2 Participant Profile

This first RIVANS Workshop brought together 29 experts (comprising 7 from construction client organizations, 8 from consulting firms, 5 from contractor firms and 9 from academia) along with 6 research students.

3 WORKSHOP ACTIVITIES

3.1 Introductory Session

3.1.1 Presentations on 'RIVANS, Teambuilding and Value' by:

- **Mohan Kumaraswamy** on the envisaged RIVANS framework
- **Gangadhar Mahesh** on 'creating value' and 'mitigating value loss'
- **Aaron Anvuur** on 'co-operation' and 'motivating project actors'

Discussion included Q&A on (a) common threads linking above three presentation areas, (b) addressing dangers of collusion within RIVANS, e.g. by mobilizing 'co-opetition', and (c) early contractor involvement.

3.1.2 Presentation on 'Overseas Approaches and Examples' by:

- **Ron McCaffer** on 'Relationally Integrated Teams'

Discussion included Q&A, and examples from Heathrow Terminal 5, Scottish Parliament, and the 2008 and 2012 Olympics projects.

3.2 Brainstorming Session

Participants were briefed by Mohan Kumaraswamy before breaking into four groups to focus on four RIVANS themes, as identified for this Workshop and informed in advance. It was added that (a) all themes & sub-themes should be addressed in both long-term and project specific modes; and (b) groups could add or de-emphasise sub-themes.

Notes: Group composition had been proposed in advance, in order to maintain a balance within each group in terms of both parent organization type (client, consultant, contractor, academia) and experience levels (e.g. top/ senior management). A facilitator had also been mobilised in advance for each group. The proposed themes & sub-themes were:

1. Defining & Pursuing Value in RIVANS

- a. Defining stakeholder value
- b. Identifying **all** stakeholder important value dimensions
- c. Developing potential '**network value**' (overall common value) dimensions
- d. Identifying criteria and indicators for measuring stakeholder **and** network value
- e. Mechanisms to optimize network value
- f.

2. Defining System Structures for RIVANS

- a. Contractual systems & mechanisms
- b. Network steering mechanisms
- c. Resource sharing systems & mechanisms
- d.

3. Selecting & Sustaining RIVANS

- a. Identifying & evaluating potential partners
- b. Assembling project 'teams'
- c. Encouraging competitiveness (**both** intra-network & inter-network efficiencies)
- d. 'Critical Success Factors' & 'Common Barriers' to developing & sustaining RIVANS
- e.

4. Motivating RIVANS

- a. Incentive mechanisms
- b. Facilitating & feedback processes
- c. Continuous improvement mechanisms
- d. 'Critical Success Factors' & 'Common Barriers' in motivating RIVANS
- e.

3.3 Consolidating Session

3.3.1 Presentations

Each group presented its findings after the brainstorming session. The salient features are summarised above:

3.3.2 Consolidation Discussions

Discussions arose on many critical points raised, for example in comparing public and private client priorities and limitations, including WTO and European regulations. Participants also discussed the possibility of setting up a knowledge-base / data-base to support the industry. They called for an active role for industry and independent organisations such as the CIC, HKIE and Universities in developing these.

Finally, Steve Rowlinson summarised key points that emerged and potential future directions.

4 WORKSHOP OUTPUTS SUMMARY

The following summary seeks to capture the essence and commonalities in the brainstorming discussions.

4.1 Defining & Pursuing Value

Stakeholders are those who influence or are influenced by the value and deliverables from a project. Stakeholder values, at a high level of abstraction, include value for money, return on investment and reputation. These values will differ from one stakeholder to another. Developing 'network value', therefore, entails aligning the stakeholder value dimensions. In practical terms, this requires aligning their 'image elements' in each specific project. These 'image elements' may include cost, time, safety & security, good governance (i.e., transparency, probity, accountability, diversity & inclusion), environmental impact, quality & function, legacy, profit, contribution margin, and enhanced business opportunities.

4.2 Network Sourcing & Strategic Alliances

Achieving value in RIVANS requires a move, away from conventional procurement (based on technical proposal & cost/fee), towards strategic alliances, at least network sourcing: (1) selecting partners based on reputations for technical competence, contractual solidarity, sustainability consciousness, and commitment to a long-term service relationship; (2) joint project definition & execution, risk/reward sharing; (3) a move towards 'open book' accounting; (4) demonstrating continuous improvement through innovation and performance measurement & benchmarking; and, all this, (4) within an environment characterised by mutual respect & recognition, a 'no blame' culture, 'fair-dealing' and win-win-win attitudes.

4.3 Client Leadership

Under such relationships, issues of ownership, control, power and governance become increasingly blurred and confused. Therefore, there is a need for strong leadership and direction to shape and influence the motives of the partners and to cascade 'best practice', value for money and win-win-win initiatives through the network. The client is seen to be the one to take this central and leading role in the pursuit of value in RIVANS. The client must, therefore, be knowledgeable and informed in order to take on this role.

4.4 Empowerment

This presents a rather daunting challenge to construction clients. Network sourcing seems a leap in the dark, especially to public sector clients, who grapple with bureaucracy, good governance and WTO GPA requirements. Public sector clients need to be empowered to take on this role. Empowerment is seen as increasing the capabilities of public sector clients to make bold and purposive choices and to transform those choices into desired actions in the pursuit of value for money. This requires engaging, educating and informing public sector clients to be able to, say: slash bureaucracy; reinterpret 'best practice' guidelines, WTO, and accountability requirements in the best interests of, and consistent with the culture of, Hong Kong; train, recruit and retain the critical skills needed in the near future and, especially against increasingly (more) competitive international markets. Industry bodies, academic institutions and

research centres should contribute to this effort. The Construction Industry Council and Development Bureau need to lead this effort. Other big clients can join. The Hong Kong construction industry is seen as not yet, mature enough to responsibly cater to one-off inexperienced and uninformed clients. For such clients, overall industry empowerment and improvement seems to be the best solution for now.

4.5 Moving forward with RIVANS and Role of CICID

Responding to a query on the next steps in RIVANS and the possible role of CICID in RIVANS, Mohan Kumaraswamy said that CICID would organize and facilitate a second stage RIVANS workshop, as well as focus group fora etc., and could involve the present group as a core for ideas exchange on RIVANS. CICID could also help with structuring and even maintaining information sharing and lessons learned databases. Furthermore, CICID had developed a web-site package called SMILE-SMC that was now moving to its 2nd Phase (as SMILE-NET). This can help construction organisations to identify new business partners - contractors, sub-contractors, suppliers etc. – see <http://smile.hku.hk/>

5 FUTURE DIRECTIONS & POTENTIAL COLLABORATION

Suggestions and comments are welcome, especially those based on similar experiences and/or initiatives that may be compared. Please send suggestions or expressions of interest (for comparisons or participation), to Prof. Mohan Kumaraswamy: mohan@hkucc.hku.hk

WORKSHOP ORGANISING COMMITTEE

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CENTRE FOR INFRASTRUCTURE & CONSTRUCTION INDUSTRY DEVELOPMENT

The Centre for Infrastructure & Construction Industry Development (CICID) is based in the Department of Civil Engineering of The University of Hong Kong, and was established in November 2002. The aims include fostering continuous improvements, while targeting excellence in the construction industry in general and infrastructure development in particular, through the development of innovative strategies and techniques. The Centre aims to establish close links with the industry and other research institutes through collaborative research and consultancy. Those interested in joining CICID activities may contact:

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