TARGETING TRULY INTEGRATED ‘VALUE NETWORKS’ FOR PP Pis

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ABSTRACT

PPPs are increasingly advocated for enhancing ‘value’ in selected physical and social infrastructure projects, even in financially healthy regions. However, the evidence of ‘additional value’ is as elusive as the truly integrated teams that have been targeted for many years in infrastructure projects in general. Both ‘better value’ and ‘greater integration’ are even more critical in PPP scenarios. Although more difficult to attain give the greater diversity of stakeholders, any shortfalls in these areas would undermine the fundamental premise of PPPs. The difficulties are first addressed by formulating twin strategies for (1) better defining the overall value mix (‘network value’) targeted by the many stakeholder network in any major infrastructure project in general, and (2) providing mechanisms to integrate diverse partners both organisationally and relationally, with a focus on the afore-mentioned better defined overall network value.

To address the above, this paper draws on an ongoing Hong Kong based initiative towards ‘Relationally Integrated Value Networks’ (RIVANS), including outputs from a recent Workshop with industry. It also draws on a recently completed survey on the benefits from value engineering and management. Based on these thrusts and initial findings, it is proposed to move beyond mere structural integration of JV or PPP work packages, to deeper relational integration of PPP teams, by guiding them towards win-win value targets through more flexible relational contracting approaches, value-focused team cultures and joint problem-solving mechanisms. This dual focus on overall value and long-term relationships for ‘true integration’ is argued to be particularly useful in the context of, and expectations from the current generation of PPPs. In concluding, the paper also highlights the need to develop a set of guidelines for selecting and sustaining ‘winning teams’ for PPPs.

Keywords: Integration, Network Value, PPPs, RIVANS

INTRODUCTION

In summarising his recent research into the general UK industry awareness and impact of the ‘construction industry change agenda’ launched by Latham and Egan in the 1990’s, Langford (2007) lamented the shortfalls in implementation. For example: (1) although a few clients may have benefited from ‘framework agreements’ and ‘Egan-compliant contractors’, ‘smaller firms further down the supply chain were still expected to behave according to the old model and compete on price’; and (2) while