

Developing a Procurement Case for Project Partnering Management: the SPACE Approach

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Abstract

It is noted that project management and partnering have been treated as separate procurement systems to aid project success through the effective development and use of project team structures. Both the Latham (1994) and Egan (1998) reports advocated for partnering and project focussed collaborated systems as a conflict resolution mechanisms. This paper seeks to identify the overlapping themes, which in turn can form a common model thus termed Integrated Project Partnering Management (IPPM) system.

This research paper aims to identify whether project teams and partnering were of the same variation; and investigate the contribution of project managers to the partnering process in terms of promotion and assistance to the process. Using a triangulated approach, data was collected from a survey of 20 construction professions from the UK Construction Industry and an extensive literature, this paper presents a framework (SPACE) as a basis for developing an integrated Project Partnering Management Systems. The stages of the framework for **Strategy Principles Application Concepts and Execution**' (SPACE) are described, and the findings from the quantitative study investigating the role of project managers in the partnering process are presented.

This paper concludes with the identification of the overlap that exists between partnering and project management and the role played by project managers in the promotion and assistance of the partnering process. It has also attempted to highlight how the aspirations of the Egan and Latham reports in resolving the internal and external conflicts within the project teams and among the parties within the construction process are addressed by the two systems.

The paper has major implications as it will contribute towards the development of a generic model which can be of considerable value to project managers and furthermore there is scope for general practitioners within the Construction Operational Environment to reap the benefits from the dual systems as opposed to the individual systems.

Keywords: Construction Industry, Procurement, Integration, Partnering, Project Management, Systems

1. Introduction

The aim of this paper is to identify whether project teams and partnering were of the same variation; and investigate the contribution of project managers to the partnering process in terms of promotion and assistance to the process. Currently, there are a proliferation of literature and a good range of books of the individual subject areas of Project Management (Moore, 2002; Walker, 2002) and Partnering (Bennett and

Peace, 2006; Cain, 2004), however there is no academic paper which has attempted to identify the overlapping themes between Partnering and Project Management concepts. Some literature have mentioned briefly the concept and effectiveness of partnering (Smith, 2002) within the context of project management, relationship-based approach to project procurement through partnering and alliancing (Walker and Hampson, 2002)

This paper describes the underlying concepts of partnering and project management and how they relate to one another. It is one of the few books that explore the relationship between partnering and project management and the benefits of integrating the management systems of both.

In summary, the rationale for this paper is to address common topics that are often raised by postgraduate level researchers. The aim is not to cover all aspects of the research process. There are no direct competitors. This book will appeal to Senior Students at Post Graduate Level, for instance MSc Students, Doctoral Students wishing to investigate further the underlying issues associated with Integrated Management Systems as well as Practitioners at Senior Management levels responsible for the Strategic Decisions. It is envisaged that the 'roadmap' or evaluation of an Integrated Project Partnering Management systems will prove beneficial for construction related organisations which practice the main principles of Project Management and are keen for corroborative ventures in form of Partnering. The benefits of an integrated team approach as advocated in the Egan and Latham reports can be achieved through the SPACE framework proposed in this paper.

The style of writing to be adopted will involve a mixture of Theory and application so as to appeal to the Post Graduate Market and Practitioners within the Industry. Considering that there is neither single book nor research at the moment which has examined the concepts and principles of integrating Project Management and Partnering, the potential for the market can be regarded as huge and very promising. The rationale being to identify any cultural issues associated with the deployment of the individual systems (Partnering and Project Management).

2. Literature Review

This paper brings together the key concepts of partnering and project management in an integrated approach with a view of reaping the benefits of an integrated system. It builds on the earlier work of the authors (Chileshe and Watts, 2006) which sought to identify the overlapping themes between partnering and project management. The current literature on integration has tended to focus on the issues of Quality, Safety, and the Environment (Griffith and Howarth, 2000), some books have examined the concept of integrating Construction and Project Management (Fewings, 2006), Value and Risk Management (Dallas, 2006). The issue of Construction Partnering and Integrated Team working (Thomas and Thomas, 2006) though adopts an integrated approach, however focuses and targets managers in construction who have been given the task of implementing partnering. It is evident that there exists a gap within the knowledge of capturing the benefits of what Partnering and Project Management might bring to the successful relationship among the parties within the construction process.

3. Rationale for the Framework (Need for Integration)

The Latham (1994) and Egan (1998) reports highlighted the need for engaging partnering within construction projects as a means of breaking down the adversarial barrier. It is not the purpose of this paper for re-visit the Egan and Latham reports; however a critical evaluation of the partnering concept can be found in Watson et al (2006). The main premise of this paper emanates from the issues identified at the conference examining the relationships and communications within the construction industry (Agapiou, 2005). Among the advocated solutions to the avoidance of litigation through the management of the client was the development of a project management system based upon sustainable relationships between all parties and the strategic management of project teams. This paper proposes such a framework.

4. The Theoretical Framework for IPPM - SPACE Approach

The Theoretical Framework underpinning the thrust of this paper. The main aim of this section will be to provide a practical and theoretical approach for understanding the Integrated Project Partnering Management Systems terminology. Using the existing Project Management and Partnering approaches available in literature, the terminology and the business case for Integrated Project Partnering Management systems is provided using the **S**trategies, **P**inciples, **A**pplication, **C**oncepts and **E**xecution (**SPACE**) approach. Integrated Project Partnering Management Systems may then be viewed as a combination of the SPACE approach.

Whereas a Concept may be defined essentially as a business philosophy, a company idea or a policy statement, the confusion in terminology can lead to uncertainty. Drawing on extensive literature review and possible strategies of developing integration as advocated by Karapetrovic and Willborn (1998), the following three strategies for IPPM are advocated

- Establish project management systems (PMS) first and subsequently partnering management systems (PaMS)
- Establish PaMS first and subsequently PMS
- Establish PMS and PaMS simultaneously

The literature section outlined an overview of the Integrated Systems, demonstrated (explained) the key concepts of Project Management and Partnering with an illustration of Partnering case studies within the UK and Worldwide (Europe, Asia, America and Africa). Furthermore the preceding section (rationale) identified the advocated benefits of such an integrated system.

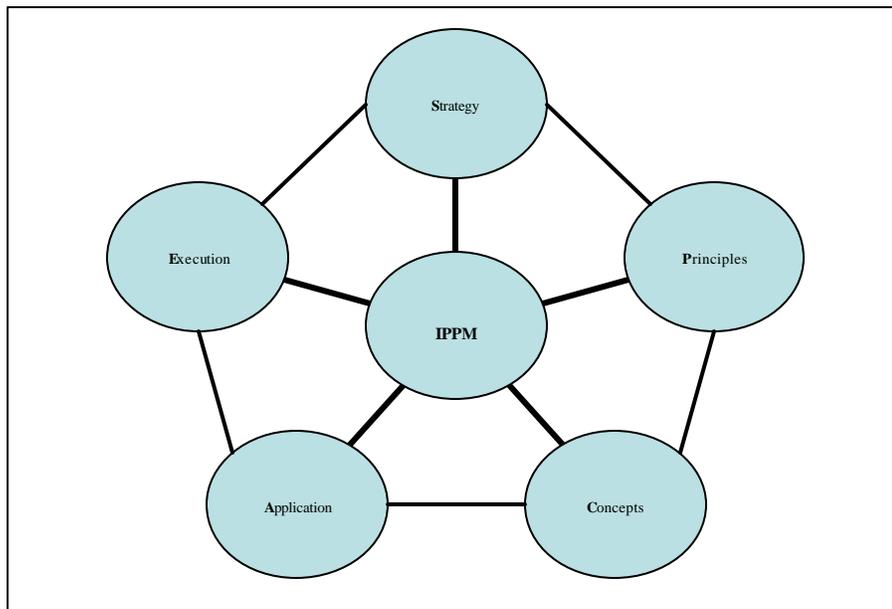
The following sub-section presents the theoretical framework for (of) the Integrated Project Partnering Management systems using the SPACE Approach. Before tackling (undertaking) the framework, there are several techniques and concepts which (that) need to be understood. These Concepts and Principles form the "building blocks" or "DNA" of the Integrated Project Partnering Systems and can be considered as being in the first stage of building theory, namely addressing the "what" component of theory.

This section introduces the framework which is encapsulated within the SPACE Approach. This deals with the **Strategy** that needs to be adopted for the integration process, identifies the **Principles** underlying the stated Strategy and **Application** mechanism to be deployed (adopted). The key **Concepts** underpinning the framework are explored and finally the approach concludes with the **Execution** of the advocated theoretical framework.

Drawing on the approach undertaken by Smith et al (2003) in Strategic Client Briefing, it can be argued that in Summary any methodology must ideally meet the following requirements.

- Create a number of **Strategic** Options for the Integration Process
- Satisfy the **Principles** of Integration
- Demonstrate the **Application** and Analysis of the IPPM
- Define and identify the **Concepts** of the IPPM
- Provide a Practical Approach for the **Execution** of the IPPM

As shown in Figure 1.0, the integration process has five linked action steps - *strategy, principles, alignment or application, concepts and execute.*



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Figure 1.0 The SPACE Methodology for IPPM

Drawing on the examples from the experiences of Australian organisations, Zutshi and Sohal (2005a; 2005b) suggest that an integrated management system ensures that daily operations are being effectively performed without the need for top management input.

4.1 Strategy

Fellows (2006) define strategy as a plan or course of action leading to the allocation of a firm's scarce resources, over time, to reach identified goals. Before considering the issues around the development of an integrated system, it is necessary to define what is meant by the terms "Integrated Management Systems" and "Integration". Commenting Drawing on extensive literature review and possible strategies of developing integration as advocated by Karapetrovic and Willborn (1998), the following three strategies for IPPM are advocated

- Establish project management systems (PMS) first and subsequently partnering management systems (PaMS)
- Establish PaMS first and subsequently PMS
- Establish PMS and PaMS simultaneously

4.2 Principles

Project Management and Partnering Principles are one and the same thing as the concepts. The following table summarises the key concepts of the individual systems of partnering and project management

4.3 Application / Alignment

Application of the integrated approach deals with the deployment of the dual system. In so doing the following critical success factors are necessary for the effective deployment of the integrated project partnering management system.

4.3.1 Critical Success Factors for the Deployment of IPPM

Organisations must conduct Strategic or Situational Analysis as outlined in Chapter Two to obtain a true picture of their present circumstances, opportunities and threats. After this has been accomplished the organisation must ensure that the following critical success factors are in place.

- Identify industry best practice thus allowing benchmarking to position the company in relation to its competitors. The areas of focus for the benchmarking activity should be the 'critical success factors' (CSFs) of the organisation
- Upon identification of the CSF and their analysis Senior Management must then formulate a Strategy to provide a platform for instituting the integrated approach. This would require information in the form of the :
- Senior Management must attain a full understanding of the philosophy and requirements of Project Management they are responsible for establishing a Cost, Quality and Time related organisation.

4.4 Concepts

According to Wilkinson and Dale (2001) there is a need in understanding the term integration and also that integration takes place in two ways, namely the merging of documentation through an aligned approach to integration, and implementation of an integrated project partnering management systems through the systems approach.

4.5 Execution

Munns and Bjeirmi (1996) assert that for projects to succeed there must be an improved appreciation of the role of project management within projects. In meeting the stated objectives, the role of the project manager can be summarised as follows:

4.5.1 Project Management Process Execution Approach

- Selection of procurement systems
- Selection of project team members
- Evaluation of tenders
- Pre-construction team meeting
- Development of control systems
- Monitor progress
- Key stage meetings
- Feedback

The following sub section presents the key steps in the execution of the partnering system

4.5.2 Partnering Process Execution Approach

- Decision to Partner
- Selection of members of partnering team
- Selection of second tier partnering team
- Facilitate partnering workshop
- Team building
- Establishment of mutually beneficial working procedures
- Monitor process
- Follow up workshop
- Feedback

It is evident from sections 4.5.1 and 4.5.2 that both project management and partnering suggest a clear relationship between partnering and the role of the project managers; secondly issues in partnering are

identified within project management. For example, the decision to partner within the partnering process can be equated to the selection of procurement system within the project management process. Similarly that of project team members within project management matches selection of members of partnering team. The theoretical proposed integrated project partnering management system in the development of a procurement case is thus shown in Table 1.0

Table 1.0: Components of the Integrated Project Partnering Management System

| DEVELOPING A PROCURMENT CASE FOR PROJECT PARTNERING MANAGEMENT |
|--|
| • Decision to Partner and Selection of Procurement System |
| • Selection of members of project partnering team |
| • Selection of second tier partnering team and Evaluation of tenders |
| • Facilitate partnering workshop; Pre-construction team meeting and Team Building |
| • Establishment of mutually beneficial working procedures and development of control systems |
| • Monitor process |
| • Key Stage meetings and Follow up workshops |
| • Feedback |

Having provided the components of the SPACE approach, the following section presents the demonstration of the practical approach

5. Demonstration of the Practical Approach

5.1 Practical Approach

The main steps in applying the practical approach for understanding the project partnering management terminology are summarised as a flow diagram shown in Figure 1.0. Issues in applying the methodology in each of the steps of Figure 1.0 are addressed in the following:

Step 1.0: Identification of the Critical Success Factors (The "What")

This is achieved through an extensive examination of integrated management systems. This is achieved through an extensive literature review.

Step 2.0: Identification of the Practices (The "How")

The examples of the integrated systems drawn from the different industries.

Step 3.0: Identification of the Approaches to the Integration (Strategies and Techniques "what")

Currently, they are different approaches in the strategies to be adopted in the integration process. The number of strategies to be adopted is captured in the following computed and generated formula

$$\text{No Strategies} = N^2 - 1 \dots\dots\dots \text{Equation 1.0}$$

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Where N= Number of Individual Systems

For example, in determining the number of strategies required for the integration of Project Partnering Management Systems, $N = 2$, Namely Project Management and Partnering, thus the number of Strategies is computed as follows:

$$\begin{aligned}\text{Number of Strategies} &= 2^2 - 1 \\ &= 4 - 1 \\ &= 3\end{aligned}$$

Effectively the following strategies could be adopted

1. Establish Project Management Systems (PMS) First and subsequently Partnering Management Systems (PaMS)
2. Establish Partnering Management Systems (PaMS) firstly and subsequently partnering Management Systems PMS
3. Establish PMS and PaMS Simultaneously

6. Conclusions

This paper has presented the rationale for a Procurement Case for a Project Partnering Management and highlighted the overlap that exists between partnering and project management and the role played by project managers in the promotion and assistance of the partnering process. It has also attempted to highlight how the aspirations of the Egan and Latham reports in resolving the internal and external conflicts within the project teams and among the parties within the construction process are addressed by the two systems. Literature on partnering has identified that facilitating partnering arrangements enables team building through workshops. Furthermore, techniques used in project management in particular with the role of construction project managers share a number of common themes. This overlap provides a simplistic process model for project managers to assist them play a key role in facilitating partnering arrangements.

It is the author's contention that partnering methodologies can be accommodated within existing project management processes and that they offer a clear role for project managers, as facilitators of project success factors; the benefits and rewards of which extend to other organisations in the supply chain. The proposed SPACE approach incorporating a generic partnering and project management process can be of considerable value to project managers and demonstrates considerable scope for general practitioners with a construction operational environment.

This paper contributes to the body of knowledge in project management by assisting practitioners involved with implementing partnering and project management as integrated approach of combining the two individual systems so as to improve the communication among the parties to the construction processes and contribute the overall project performance criterion through the principles of time, cost and quality management

Further research by the same authors will feature a wide range of case studies drawn from the UK, American and African context and explores partnering and project management within the construction related environment and shows how these may influence future best practice in construction.

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