

Expanding construction project Supplier Organisations' services to deliver progressively increasing value to customers: A case-study-based exemplar¹

By Alan Stretton

INTRODUCTION

Background

In recent articles in this journal I have discussed differences between managing internal projects in Owner Organisations (OOs) and customer projects in Supplier Organisations (SOs) (Stretton 2024e,f), and of the importance of customers to SOs in delivering project management services (Stretton 2024b,c).

This article is concerned with project Supplier Organisations in construction industries, and with ways in which the range of their project-related services can be, and have been, expanded to deliver progressively increasing value to their customers. The main exemplar case study will be my old employer Civil & Civic (C&C), and we will follow the reasoning and actions of its CEO, G. J. Dusseldorp, in initiating and implementing these expanded services from the 1950s through the 1980s. I will also be making some inputs from my own experience in C&C and other organisations, together with inputs from the domain of mega construction projects.

The nature of Supplier Organisations (SOs)

Stretton 2024f described Supplier Organisations, and Owner Organisation, as follows.

Project-based Supplier Organisations (SOs) derive most (if not all) of their revenue and/or other benefits from creating and delivering projects/programs to external customers.

Production-based Owner Organisations (OOs) derive most (if not all) of their revenue and/or benefits from producing and selling products and services. They utilize projects to create new, or improve existing, products and services; enter new markets; or otherwise improve or change their organisations.

Stretton 2024f also noted that, although internal projects can also be undertaken within SOs, the latter is most closely associated with undertaking external Customer Projects (as described by Lehmann 2016). This latter configuration is followed in this article.

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Terminologies: Clients and customers

There are some writers who distinguish between “clients” and “customers”. However, such a distinction would not appear to be relevant to the main purposes of this article – therefore the terminologies “client” and “customer” will be used interchangeably.

The context of this article is the construction sector

I will be discussing Supplier Organisations and their clients/customers in the construction sector, for two reasons. One is that construction has some characteristics not shared by many other sectors – including particularly a traditional separation of design from construction. Further, many of the examples I will be using come from the Australian building industry, about which Clark 2002:37 records the following:

In his history of the Australian building industry, written in 1992, Oscar Gimesy observed that ‘the dichotomy between design and construction practices are so pronounced in traditional construction practices that recent trends to integrate the two, which is taken for granted in other arenas of economic production, is considered a radical leap’.

This separation can have profound effects on value for client/customer organisations.

The other reason is that, in spite of the prominence and importance of Supplier Organisations, and of the construction industry at large, they still tend to be under-represented in some prominent sectors of the current project management literature.

THE PRIMACY OF CLIENTS/CUSTOMERS FOR SUPPLIER ORGANISATIONS

For Supplier Organisations, customers are much more than simply stakeholders

There are substantial discussions in the project management literature about project stakeholders. Many of these discussions imply, directly or indirectly, that the customer (or client) is simply another stakeholder. This might (or might not) serve as a reasonable generalisation when discussing projects undertaken by Owner Organisations with their own internal resources. Indeed, this tends to be the dominant context of discussions on stakeholders in some sections of the project management literature. However, it is totally inappropriate when discussing Supplier Organisations.

In simple terms, the situation for Supplier Organisations can be summarised as follows.

- If a Supplier Organisation has no customers, it does not have a business;
- If it does not have satisfied customers, it is not likely to remain in business for long;
- Therefore, the SO’s primary concern should be finding and satisfying customers

In these circumstances, many, if not most, Supplier Organisations should be naturally interested in answers to questions about the extent to which various types of project services they supply are likely to deliver value, and thence satisfaction, to various types of customers.

A CUSTOMER ORGANISATION BASIC STRATEGIC MANAGEMENT MODEL, AND CORRESPONDING TYPES OF PROJECT-RELATED SUPPLIER SERVICES

We first present a strategic management model of a organisation (in this case a customer organisation) which I have been using for some time, and at a range of project-related Supplier Organisation services related to various stages of this model. The latter are also based on previous articles in this journal, notably Stretton 2022 c,a.

| CUSTOMER ORGANISATION STRATEGIC MANAGEMENT MODEL | | | | |
|---|--|--|---|--|
| 1. Establish and shape organisation's strategic objectives | 2. Develop strategic options, evaluate, choose the best | 3. Elaborate/consolidate details of strategic initiatives/projects | 4. Execute strategic initiatives/projects | 5. Achieve strategic objectives. |
| Add helping client organisation <ul style="list-style-type: none"> establish its organisational strategic objectives, and/or determine best choices/mix of strategies to achieve objectives. | Add helping client org'n evaluate specific strategic initiative options, identify the best, incl. the "right" projects ADDED STRATEGIC INITIATIVE SUPPORT SERVICES | Add development of "front-end" pre-execution project phases PROJECT DEVELOPMENT + EXECUTION/DELIVERY | EXECUTION/DELIVERY | POST-DELIVERY Assistance to client where practicable |
| ADDED STRATEGIC PLANNING SUPPORT SERVICES | | | | |

Figure 1. A customer organisation basic strategic management model, and corresponding types of project-related Supplier Organisation services

The normal types of services covered by project Supplier Organisations are *project execution/delivery-only*, and *project development + execution/delivery*. We will discuss these first, paying particular attention to factors which provide (or fail to provide) value to the customer in particular, but also the supplier. As indicated earlier, we will be using my old employer Civil & Civic (C&C), as the main exemplar for each type of service.

We will then move on to the *Added strategic initiative support*, and then the *Added strategic planning, support* services, and discuss value to both the customer and the Supplier Organisation. In addition to the Civil & Civic exemplar, we will draw on very similar types of services provided by EPC (Engineering, Procurement, Construction) organisations in the major and mega project sectors of construction.

Finally, we will look at adding value with post-delivery support services, using examples from earlier Civil & Civic experience in this sector.

PROJECT EXECUTION/DELIVERY-ONLY SERVICES, & VALUE CONSIDERATIONS

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| 4. Execute strategic initiatives/projects |
| PROJECT EXECUTION/ DELIVERY-ONLY |

Project execution/delivery-only services have been, and still are, by far the most common type of project Supplier Organisation service provided in the construction sector of most economies. Because of the huge range and variety of contexts in which it is used, it is virtually impossible to generalise on the extent to which this type of service provides, or does not provide, value to customer organisations or the Supplier Organisations.

In these circumstances, I propose to restrict this examination to examples from Civil & Civic's early experience in the Australian building industry sector, using quotations from two books about Civil & Civic and its (later) parent company Lend Lease – namely Murphy 1984 and Clark 2002, as detailed in the references. These quotations largely reflect the initiatives of the Civil & Civic, and later Lend Lease, CEO, G. J. Dusseldorp.

Civil & Civic (C&C) was formed in Australia in 1951, and initially operated in the local building industry as a building contractor. In this period virtually all building was undertaken on the tender system. Architects designed the building and called tenders for its construction. Examples of factors that can jeopardise value are shown on the left, while more specific client value aspects have been bolded in the quotations to the right.

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| <p>TENDER SYSTEM Examples of factors that can jeopardise value</p> | <p>He [Dusseldorp] soon became disenchanted with the tendering system, which he saw as unprofitable to both builder and client. It generated, in his own words, a 'gushing stream of waste' – with the contractor obliged to carry other people's mistakes as well as his own. (Murphy 1984:6-7)</p> |
| <ul style="list-style-type: none"> • Separation of design from construction can often jeopardise value to client | <p>Dusseldorp believed there were two basic problems inherent in this hierarchical mode of project organisation. First, its counterproductive separation of design from construction denied clients the benefit of practical construction advice in the design planning phase (which, if incorporated then, could potentially reap significant cost savings without compromising ... aesthetics) (Clark 2002:10)</p> |
| <ul style="list-style-type: none"> • Lack of incentives to optimise design can jeopardise value to supplier & client | <p>The second major drawback of the tender-based system was its flawed incentive structure, which, Dusseldorp argued, encouraged architects to design edifices and prompted contractors to cut costs in any way they could – neither of which necessarily served the best interests of the client. (Clark 2002:10)</p> |
| <ul style="list-style-type: none"> • Uncontrollable external factors can jeopardise value to supplier & client | <p>Although construction contracting had given him an entrée into the Australian market, Dusseldorp was soon convinced that it was not the business to be in – the margins were too slim, for one thing; the factors outside his direct control (yet influencing project outcomes) were too numerous, for another. (Clark 2002:11)</p> |
| <ul style="list-style-type: none"> • Collusion and other corrupt tendering practices jeopardise value to supplier & client | <p>1992 Royal Commission into Productivity in the NSW Building Industry found that successful tenderers were paying competitors 'unsuccessful tender fees' and industry associations (who were also part of the racket) 'special fees'. ...the Royal Commissioner found that collusive tendering in the NSW industry was 'not just some temporary aberration. It was widespread, systemic and covert', resulting in clients being 'undoubtedly cheated on a large scale'. (Clark 2002:235)</p> |
| <ul style="list-style-type: none"> • Other potential tender system factors jeopardising value – e.g. <ul style="list-style-type: none"> • Inbuilt wastefulness • Adversarial relations • Protracted delays • Cost over-runs | <p>While attending the Harvard management course in Hawaii the previous year [1957] he [Dusseldorp] had become convinced that participation in the traditional tender-based system of construction – with its inbuilt wastefulness, adversarial relationships, protracted delays, and cost over-runs – was 'no way of spending your life'. He resolved then and there to free himself from the tender system's shackles by instead going to clients direct and offering them an integrated 'Design & Construct' building service. (Clark 2002:82)</p> |

The above illustrates a rather substantial numbers of ways in which aspects of the tendering system were seen by Civil & Civic's CEO as jeopardising the provision of good value to clients in particular, but also to Civil & Civic as the Supplier Organisation.

This was a long time ago, and one would hope that things have improved since. I do not have any up-to-date data, but anecdotal evidence suggests that many of the above jeopardising factors are still significant features of the tendering system in the Australian building industry, and that at least some of these are shared, to varying extents, in other construction sectors, and in other countries, as now briefly discussed.

Separation of design from construction: incorporating constructability into design has long been widely recognised as a problem in building industries in many countries. Morris 2013:78 discussed one well-known approach to help deal with this situation, so-called *Construction Management* (which, to me, is an inexplicable misnomer), thus:

‘Construction Management’ – the provision of downstream site construction advice in the design stages of the project – was developed in the building industry as an organisational answer to the extant lack of integration between the downstream construction and the front-end design in the late 60s, first in Toronto, then New York, coming over to the United Kingdom 10-15 years later

To the best of my knowledge this approach was not adopted to any significant extent in Australia. In any event, this arrangement still essentially separates design from construction, and is not a fully integrated approach to building value into the design

Collusion and other corrupt tendering practices: Bob Prieto’s recent article in this journal on corruption in the construction industry (Prieto 2022) suggests that these types of practices are still “a significant concern ... throughout the industry globally ...”, with the consequence that clients and suppliers, continue to be “cheated on a large scale”.

Other potential tender system factors - Protracted delays and cost over-runs: Both of the latter continue to be the rule rather than the exception with large transportation infrastructure projects in Australia. However, we are evidently not alone in this, as Flyvbjerg 2021 makes clear, notably in his Table 2, which covers some 2,000 projects which have been so afflicted. Indeed, failures on very large and mega-projects appears to be a universal problem (e.g. Flyvbjerg’s Iron Law of megaproject management: “Over budget, over time, under benefits, over and over again” – Flyvbjerg 2017). This is a major topic in its own right, which I will not attempt to summarise here.

With regard to clients, it is certainly clear enough from the above that, all too often, they do not receive good value from the competitive tendering execution/delivery-only service. But this approach is very widely used, and its clients generally have little choice but to go along with it and hope that it will deliver them reasonably good value.

Problems such as the above led to Dusseldorp’s resolve “to free himself from the tender system’s shackles” by moving into *Design-and-construct* (and beyond). However, it should also be noted that Civil & Civic continued to operate in the traditional tendering market, albeit at substantially reduced levels of activity. This was mainly to stay in constant touch with trends in that market, and thus remain competitive in a “lean and mean” sense, and be able to demonstrate this to both existing and prospective clients.

On a personal note, I worked for a major Australian construction contractor for two years before joining Civil & Civic. It was great experience but was not an environment in which I wanted to spend my working life, for reasons not dissimilar to Dusseldorp's.

However, in spite of my personal predisposition, and of the particular position taken by Civil & Civic, it is vitally important to recognise that we continue to need Supplier Organisations (and people) who are comfortable with, and indeed prefer, specialising as contractors in the construction tender market, so that this widely used mode of project execution/delivery can still be undertaken as expeditiously as its constraints allow.

PROJECT DEVELOPMENT + EXECUTION/DELIVERY SERVICES; ADDING VALUE

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| 3. Elaborate/consolidate details of strategic initiatives/projects |
| PROJECT DEVELOPMENT + EXECUTION/DELIVERY Add development of "front-end" pre-execution project phases |

We have already briefly discussed one way in which separation of design from construction can often jeopardise value to client, namely problems with incorporating constructability into design. However, there are other ways in which the design may not represent best value for the client.

In the context of the tendering system in construction, Dusseldorp described the nature of the broader problem rather well in Clark 2002:29, as follows.

In sum, the financial microscope was being applied at the wrong end of the process: 'one goes to a lot of trouble analysing tenders to obtain "best value" for a pre-determined design,' Dusseldorp argued; 'whether the design itself is "best value" is, however, taken for granted.'

As noted in an earlier quotation from Clark 2002:82, Dusseldorp decided to offer clients an integrated 'Design & Construct' building service. This was, in fact, a natural extension of Civil & Civic's emerging practice on its own development projects. Murphy 1984:7 described this decision as follows.

[Dusseldorp] ... set out to promote the concept on which the present-day organisation has been built: the acceptance of undivided responsibility for any project from start to finish.

The key element in this quotation is *undivided responsibility*, because this element of the design-and-construct service directly overcame, or ameliorated, several of the tendering system factors listed above which can jeopardise value to client, as follows.

- **Separation of design from construction:** This jeopardising factor no longer exists.
- **Collusion and other corrupt tendering practices:** These are basically eliminated.
- **Uncontrollable external factors:** These are substantially reduced.
- **Lack of incentives to optimise design:** This represents both a problem and opportunity for the "undivided responsibility" of Supplier Organisations. We will now look at how Civil & Civic approached design optimisation, which included substantial client participation, via a key project governance innovation we developed in the early 1960s, which we called the Project Control Group (PCG), as now discussed.

Optimising design, and client involvement via Project Control Groups (PCGs)

Each of our projects in Civil & Civic from the early 1960s was governed by a Project Control Group (PCG). The PCG normally had four core members, comprising a senior client manager, a client representative (who would be our ongoing client contact), a senior Civil & Civic manager (who normally acted as chair), and the Civil & Civic project manager. These core members would be supplemented by other more specialist appointees, both internal and external to Civil & Civic, sometimes on a temporary basis, to contribute to effective governance during phases of the project where their specialisations were most relevant. The PCG would normally meet on a monthly basis, similar to a regular Board of Directors, and with similar governance obligations.

Originally, PCGs were developed as a device for trying to ensure that all clients became meaningfully involved in their projects. Many clients were initially hesitant to do so, because of the prevalent hands-off mode of the traditional architect/ tender system. However, Civil & Civic felt it essential to have strong client involvement and promoted the concept of the PCG as being the project equivalent of a board of directors of a company, with similar objectives, such as strategic decision-making, performance review and the like. Even initially reluctant clients could see merit in this, and, as they became more involved, were able to contribute increasingly to ongoing governance and key decision making on their projects. As Clark 2002:38 recorded, PCGs “became de rigueur on all Civil & Civic Design & Construct projects”.

Client participation via the PCG became particularly important in optimising the design, because the client was strongly involved in the process, as described by Clark 2002:40.

....the design planning phase offered perhaps the most potential for reducing costs: 'that's where the savings [are] made', Dusseldorp would say: 'in the mind and on the drawing board'. The first job of the project team, therefore, was to consider 'alternative ways in which the various problems encountered in the design of a building can be overcome. These alternatives would be mulled over, costed and compared, in conjunction with an assessment of alternative methods of construction, 'to enable the correct solution to be obtained'. The 'correct solution' was the best value solution for the client. With the client actively participating in the project team during the initial design planning they were in a position to reach an informed decision as to which alternatives generated the most value for them.

This substantial quotation indicated how Civil & Civic went about optimising design by extensively exploring alternative designs, analysing and comparing them, and particularly in having the client involved in this work, and in deciding on the best solution – i.e. the best value for the client.

Experience designing internal Civil & Civic/Lend Lease development projects

As noted earlier, the integrated 'Design & Construct' building service which was offered to external clients was, in fact, a natural extension of Civil & Civic's emerging practice on its own development projects.

The Civil & Civic experience in designing our own internal development projects was that we rarely, if ever, got to a point where extra time spent on improving design aspects did not pay off in terms of providing additional value to the final product.

The lessons from this experience are very clear. As quoted in Murphy 1984:7,

[Dusseldorp] came to realise that the important cost savings in any building project are to be made on the drawing board

Clearly, this mode of actively project managing the design process in the construction context is not always practicable – or is deemed not to be practicable – in many circumstances. However, our experience most strongly supports the case for doing so.

ADDED STRATEGIC INITIATIVE SUPPORT SERVICES & CLIENT/SUPPLIER VALUE

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| 2. Develop strategic options, evaluate, choose the best |
| ADDED STRATEGIC INITIATIVE SUPPORT SERVICES Add helping client organisation evaluate specific strategic initiative options, identify the best, including the "right" component projects |

As noted earlier, an original aim of the PCG was for the client to be involved in helping ensure that the product (of the project) to be delivered was properly specified. We originally called this process 'Product Requirement Determination' (PRD). However, it soon became evident that many clients did not have the necessary in-house capability to do this on their own. This led us to probe more deeply into their needs.

The development of Client Needs Determination (CND) in Civil & Civic

One of the philosophies that Dusseldorp pioneered in the company was to recognise and respond to a customer's needs: to analyse their needs in a very definite way. And so instead of taking the client's stated requirements for a building at face value, we got into the practice of questioning with them those instructions. (Clark 2002:93)

This process led to Civil & Civic recognising that it needed to develop a capability to help clients determine their underlying business needs. This up-front activity – this "added strategic initiative support service" – came to be known as 'Client Needs Determination' (CND). Actually, this descriptor is a slight misnomer, as it does not really indicate that the CND service was actually a facilitating role, helping the client organisation clarify and evaluate its specific needs, investigate its strategic initiative options, and choose the best option. The latter was then extended to helping the client organisation choose the "right" projects to best facilitate satisfaction of its needs.

Over the years, Civil & Civic developed many CND specialists in particular market segments. As I recorded in Stretton 2019c,

The extent of the demand for helping clients determine their real needs was such that Civil & Civic developed a substantial team of specialists in various sectors to cater for these on-going demands, including the education, industrial, health, office, retail and leisure sectors. In effect, they were business unit managers for their particular customer groups, ...

Provision of Front End Loading (FEL) services by EPC organisations

Up to this point we have restricted examples to the Civil & Civic context. However, we were comparatively small fry compared with equivalent strategic initiative support services undertaken by EPC (Engineering, Procurement, Construction) organisations such as Fluor and Bechtel in the much more prominent sector of large complex construction projects and mega-projects, notably in the extractive industries. I have discussed EPC contributions in this area in the form of Front End Loading (FEL) in many recent articles in this journal – most recently in Stretton 2022a, in which I quoted the FEL descriptor in Morris 2013:60 as follows.

IPA [Independent Project Analysis], the oil, gas and minerals project benchmarking company, coined the useful term 'Front-End Loading': ...(FEL) is a tool for determining which is the "right" project to meet the needs of business. The FEL tool assesses the level of definition of a number of critical items that are used to determine what, if any, asset should be built to meet a particular business need.

As this descriptor indicates, there are strong similarities between Front-End Loading and Civil & Civic's Client Needs Determination.

Shift of primary focus from product orientation to customer orientation

A very important point to note about these CND, FEL and similar strategic initiative support services is that the emphasis has moved from the product (of the project) and the extent to which various modes of developing and delivering this product present value to the client, to the more basic strategic needs of the client organisation itself, before deciding on projects which should best contribute to satisfying these needs.

Therefore, with these types of strategic initiative support services, the emphasis is dominantly on the client, and the client's needs. This can broadly be described as a shift from what is predominantly a product orientation (with execution/delivery and development + execution/ delivery services), to a predominantly customer orientation.

Shift in organisational contexts from a product orientation to a market orientation

In the broader context of Supplier Organisations' strategic orientation, I can illustrate the Lend Lease/Civil & Civic approach to its markets and customers, from Clark 2002:92.

The key to identifying new business opportunities, Dusseldorp firmly believed, was to keep close tabs on the market. 'On the business side, I suppose what has made [the Lend Lease group] different (and very successful)', he told an interviewer in the early 1980s, 'is that our approach has always been to seek out what the marketplace wants. Most companies tend to be product oriented. We are not like this. We seek the marketplace needs and then design a product to suit this need'.

I can personally confirm at least part of the above, because for many years I was Secretary of the [Lend Lease] Group Development Committee – i.e. the Lend Lease strategic planning group – and spent a good deal of time searching for opportunities in a wide range of marketplaces.

The development of this type of capability was also facilitated by the introduction of an in-company-generated marketing course throughout the Lend Lease group of companies in 1965, which moved us even more strongly to concentrate our attention on the organisation's clients, ("the customer is the business") and their needs in their own business (or equivalent) environment.

It also gave us a much better understanding of the nature of marketing. To quote from Levitt 1960, whose article "Marketing Myopia" was very widely referenced at the time,

The difference between marketing and selling is more than semantic. Selling focused on the needs of the seller, marketing on the needs of the buyer. Selling is preoccupied with the seller's needs to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering, and finally consuming it.

I believe this primary "marketing" focus on clients and their needs helped Civil & Civic enormously in expanding its business, and in enjoying the pre-eminent position it held in my time with the company. Part of this expansion was into the next type of added service, to which we now turn.

ADDED STRATEGIC PLANNING SUPPORT SERVICES & CLIENT/SUPPLIER VALUE

Provision of strategic planning support services by EPC organisations

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|---|
| 1. Establish and shape organisation's strategic objectives |
| ADDED STRATEGIC PLANNING SUPPORT SERVICES Add helping client organisation <ul style="list-style-type: none">• establish its organisational strategic objectives, and/or• determine best choices/mix of strategies to achieve objectives. |

EPC organisations operating in the very large and mega-project construction environments have been undertaking substantial pre-FEL services over very many years, and in doing so have evidently been delivering good value to their clients. With regard to helping client organisations establish their organisational strategic objectives. Prieto 2008 discusses the situation where EPC organisations are engaged to help owners plan their business objectives as follows.

In a programmatic approach to achievement of a set of business objectives, Owners may engage the services of a Program Manager. Under such an approach many of the processes and responsibilities of the traditional Owner organization are transferred to the Program Manager

Prieto 2009 goes further, invoking a concept of partnership between the EPC and owner organisations, as follows.

Most importantly, the owner requires a partner that can help it translate its programmatic vision and broad objectives into a well-defined set of specific business objectives that underpin an actionable and implementable strategic plan for the “giga” program [super-large mega-programs/projects].

This concept of partnership in helping clients with strategic planning support services certainly reflects the way we approached providing these services in Civil & Civic.

Regarding the role of EPC organisations in helping clients determine best choices/mix of strategies to achieve their strategic objectives, I discussed this quite recently in Stretton 2022a. In summary, Prieto (in Archibald et al 2012) refers to this early stage as “studies”, Ed Merrow as “Basic data collection” (in a presentation I attended), and Mallaly 2016 (in Dalcher 2016) as “shaping” – a descriptor which I have also heard Ed Merrow use. These all cover similar ground in helping clients make good strategic choices and delivering value.

Civil & Civic’s strategic planning support services

In previous articles in this journal, I have reported on an early example of planning support services by Civil & Civic in the late 1950s, where “a small initial brief expanded out to something much more substantial”, in the form of helping an asset-rich but cash-strapped Catholic girl’s school in the Sydney area develop strategic plans to achieve its longer-term objectives, as recorded in Clark 2002:93.

...within a year the Sisters at Loreto Convent, Kirribilli, guided by Dusseldorp [the Civil & Civic CEO] and his team, had come up with an integrated business plan for the school’s complete rebuilding and expansion – supported by the first structured financial plan in the Catholic education sector ...

Expanding Civil & Civic’s businesses into a variety of specialist sectors

The above strategic planning service was the forerunner of what developed into a very substantial business development for Civil & Civic, as recorded in Clark 2002:94.

.... Civil & Civic put in place a comprehensive marketing plan targeting the private education sector. Supported by the good word from satisfied customers like Loreto [see above], this led to some forty more commissions over the next ten years for the design and construction of schools right across the country [Australia].

Demand for helping clients determine their business needs (CND) increased in many other sectors, and often involved the additional service of helping clients more closely examine their longer-term organisational strategic objectives, and/or develop strategies to achieve those objectives. Demand for these types of services increased to such an extent that Civil & Civic developed teams of specialists in various sectors, including education, industrial, health, office, retail and leisure, to cater for these on-going demands. Most of these, in turn, developed into what were essentially new business units within Civil & Civic, which developed substantial levels of relevant expertise.

I was not actively involved in managing any of these new ventures in Civil & Civic. However, as a director of the company, and with a continuing interest in strategic issues, I was a lively observer, and had frequently discussions with key managers in various sectors. In particular, I recall some discussions with the key manager of the healthcare sector, Iain Gauld, who made some pertinent observations in relation to helping clients in the contexts of extensions to existing hospitals, and to new hospitals, along the following lines.

Providing additional integration support services

Gauld pointed out to me that the healthcare sector was very substantially fragmented, and in one sense was becoming even more fragmented, with ever-increasing areas of specialisation being developed in this domain. From his point of view in trying to help develop plans for new hospitals, or major extensions to existing hospitals, Gauld and his team found it a very challenging task indeed to try and reconcile different needs of various specialisations, and to come up with solutions which were the most satisfactory for all parties. In his own words, his task was one of integrating the needs of a multitude of different specialist parties in the most effective manner.

It was one thing to achieve a reasonable integration on paper. But there also remained the task of achieving such integration in practice, after delivery of the new facilities. Gauld's team was often engaged to further assist in helping a hospital achieve effective integration within its new environment. I will return to this briefly in the following section.

POST-PROJECT DELIVERY SERVICES; ADDING CLIENT AND SUPPLIER VALUE

The rationale for helping clients achieve their strategic objectives where possible

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| 5. Achieve strategic objectives |
| Assist responsible managers when practicable |

If you are in the business of providing project-related services to client organisations, you are (or should be) concerned with helping clients satisfy their strategic needs and achieve their objectives (except for some forms of execution/delivery-only services).

Therefore, irrespective of whether or not it is included in your contractual arrangements with the client, it is in your longer-term interests to take a close interest in how the client is progressing with effective utilisation of the services you have provided.

As an example, in the previous major section I referred to challenges that Iain Gauld and his team had in finding integrative solutions in the context of new hospital facilities, and particularly the frequent requests for them to assist the hospital achieve effective integration within its new environment after project delivery.

The basic reason for such requests for external help in integration in this context was that the healthcare system did not usually have anyone in its own ranks with the combination of authority and integrative know-how to undertake this work on their own.

Possibilities for broader integration support services?

One of the reasons Civil & Civic was able to help the client with integration support services was evidently that, because integrative skills are part and parcel of project management (and in much more turbulent environments than in general management) our project managers were unusually well placed to help interpret the needs of the hospital client, and recommend solutions which were based (at least in part) on their own experience in the project management context. Evidently, they were successful enough in doing this for it to become known to others in healthcare that we had developed this particular range of skills. This, in turn, helped bring in new customers.

The combination of increasing specialisation and lack of integrators to pull it all together appeared to also apply, to varying extents, to most of the other areas in which Civil & Civic employed these types of specialist services. Whilst other factors may have facilitated the growth of these services, the integration attribute often played a key role.

Finally, from time to time I have suggested that the integrative expertise that is characteristic of project management should be more widely publicised and deployed than it has been in the past – e.g. in Stretton & Crawford 2011. There appear to have been few advances in this area to date, but this still appears to me to be an opportunity area for project management to contribute this particular skill on broader stages.

SUMMARY/DISCUSSION

This article has looked at an expanding range of project-related services provided by Supplier Organisations in the construction sector to deliver greater customer value.

It was first pointed out that, for project-based Supplier Organisations (SOs), clients/customers (these descriptors were used interchangeably) are not just another group of stakeholders, as they are often represented on OO-biased sections of the project management literature. They are what the SO business is about – in short, if you do not have customers, you do not have a business. Therefore, delivering value to customers over the longer term is critical to the survival and ongoing prosperity of SOs.

We began by presenting a basic customer organisation strategic management model. This was appended with corresponding types of project-related services which have been supplied in practice (as discussed in many of my previous articles), and which relate most directly to various stages of the customer strategic management model. These project-related services were then discussed in more detail, as now summarised.

Project execution/delivery-only services: We used quotations from Civil & Civic's experience in the Australian building industry to illustrate many factors in this mode of delivery which jeopardise the delivery of value, particularly for customers/clients, but also for Supplier Organisations. It was noted that several of these factors are widely shared by other construction sectors, and in other countries – and that protracted delays and cost overruns continue to be all too commonplace in many sectors.

Project development + execution/delivery services: It was noted that lack-of-value considerations prompted Civil & Civic to move heavily into *Design-and-construct* services, taking undivided responsibility for the project from start to finish. This basically overcame many of the problems associated with the *Project execution/delivery-only services* approach. It also provided an opportunity to build greater value into the project design, by involving the client in the ongoing process, which particularly included development and analysis of numerous alternative approaches. This was facilitated by having senior client representation in project-governing Project Control Groups (PCGs).

Added strategic initiative support services: Interactions at PCGs sometimes led to a recognition that the client organisation needed help in consolidating its broader strategic objectives and underlying business needs. This led to Civil & Civic developing an “added strategic initiative support service”, called ‘Client Needs Determination’ (CND). Substantial ongoing demand for CND service illustrated its perceived value to clients. This appears to have been equally true for a somewhat similar service in the major and mega project construction sector, called Front End Loading (FEL). This has long been provided by EPC (Engineering, Procurement, Construction) organisations like Bechtel and Fluor. So, this type of extended service has had a substantial role in adding value. It was also pointed out that the above can be seen as a move from a predominantly product (of the project) orientation to a more direct customer orientation.

Added strategic planning support services: The most prominent of these types of services are those provided by EPC organisations in what have been described as pre-FEL services in major and mega project sectors. Some quotations were offered on Prieto’s discussions on EPCs helping client organisations establish their organisational strategic objectives, and the contribution of several authors on helping clients determine best choices/mix of strategies to achieve their strategic objectives were summarised. Obviously these types of services have been delivering value to clients for a long time. We also discussed some broadly equivalent extended services provided by C&C.

Post-project delivery services: We first discussed the rationale for Supplier Organisations to take a longer-term reputation-related perspective, which included trying to help clients achieve their strategic objectives even when the SOs have no contractual obligations to do so. We also briefly discussed possibilities for broader integration support services to be more widely publicised and deployed.

Overall, it would appear that there are comparatively few opportunities to add value for either the client or supplier in the customary adversarial environment of competitive tendering with the execution/delivery-only type of service in the construction industry. However, all the other types of service discussed above have win-win characteristics, which provide value to both the client organisation and its Supplier Organisation. It would therefore benefit all if these broader ranges of project-related services were more widely developed and adopted in practice.

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