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TH20 - Why Can't Professionals be More Professional and Increase Their Profit?

Presenter:

Dean Kashiwagi
Director, Performance Based Studies
Research Group
Arizona State University

CONSTRUCT2009
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Indianapolis, IN



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A FEW REMINDERS...

- Please remember to mute all electronic devices.
- You must swipe your card at the door in order to receive credit for your course.
- No one under the age of 18 is allowed in meeting rooms.



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Learning Objectives:

Upon completing this program, the participant should know how to:

1. Understand how efficiency is a major key to success
2. Review how to capture accurate information
3. Learn how other professionals use efficient systems with very accurate information that minimizes risk, stress, and work, while maximizing everyone's value and profit
4. Discuss case study results



Logic

Logic dictates that if someone is more professional, they are paid for their knowledge, they work less, and their clients are happier, get a better value, and pay less for much better results.



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Better Environment

Arizona State University has been testing a best value system in delivering construction that encourages professionals, vendors, and clients to buy based on value, and to let the performers do their job with minimal direction and management. The results have been stunning.

Client's Delivery System Transforming Professionals Into Commodities

The results show that the major source of cost, risk, and confusion is not caused by the construction industry, but by the client. The best value system has increased vendor profits and minimized cost at the same time. The new process brings back the designers expertise and professionalism, minimizes their risk, and improves the profits and sales of high performance vendors. In this session, we will present the system along with the case studies' results.

Evolution of Delivery Processes

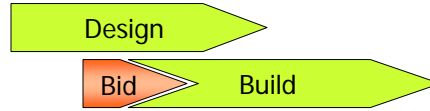
Design-Bid-Build (DBB)



Design-Build (DB)



Construction Manager At Risk (CMAR)



Where is value added?????

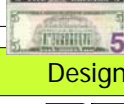
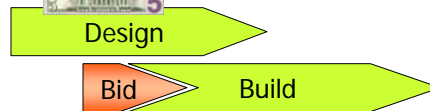
Design-Bid-Build (DBB)



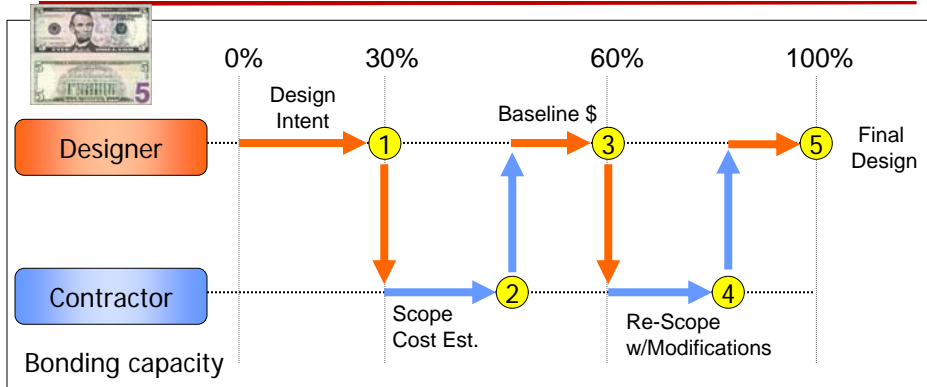
Design-Build (DB)



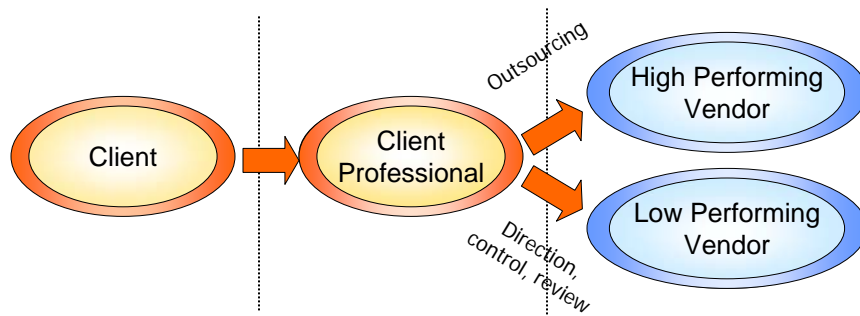
Construction Manager At Risk (CMAR)



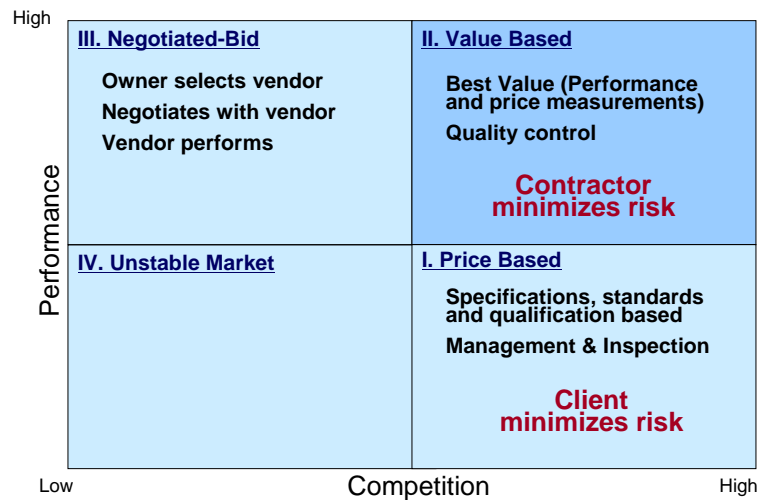
CMAR / Design Best Practices



Who should be the center of the Universe?



Industry Structure



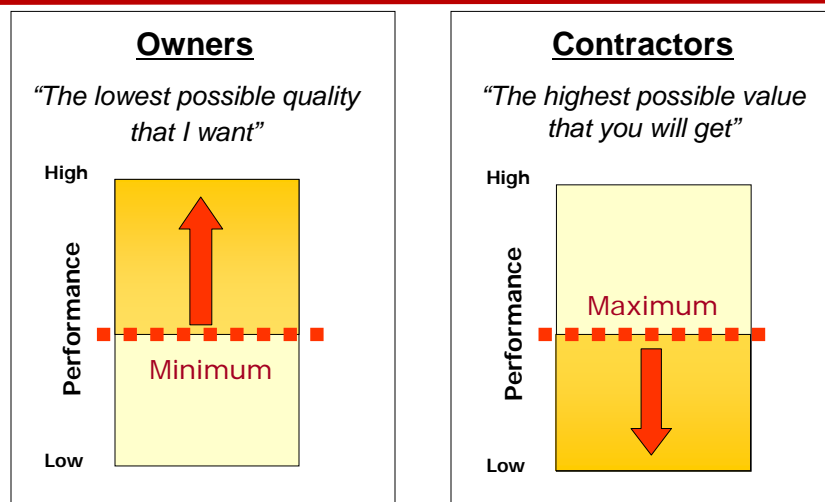
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-
- What does the most qualified, experienced person in a firm do?
 - Get work, or do work?
 - Why is this?
 - It is more important in a destabilized industry to get work then to do work....
 - Downside....what happens to our professionalism????

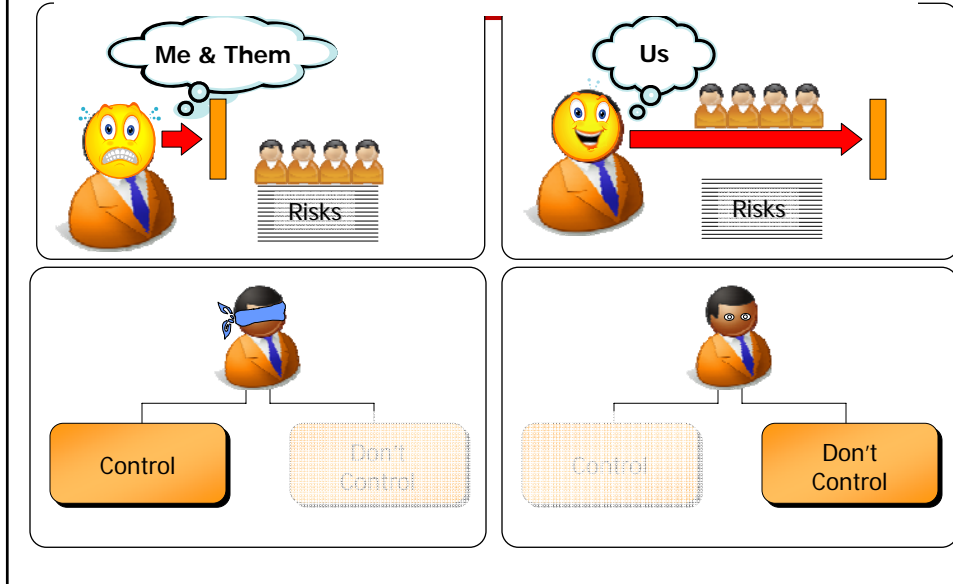
Requirements of Best Value Environments

- Transparency
- Full competition
- Transfer of risk and control
- Measurement of deviation in time and costs
- Alignment of resources
- Accountability
- Minimization of risk based on the vendor's baseline plan
- Performance measurements of all key personnel and critical sub-elements
- Identification, management and minimization of the risk that the contractor does not control by the contractor
- Minimization of transactions
- More efficient, less costly

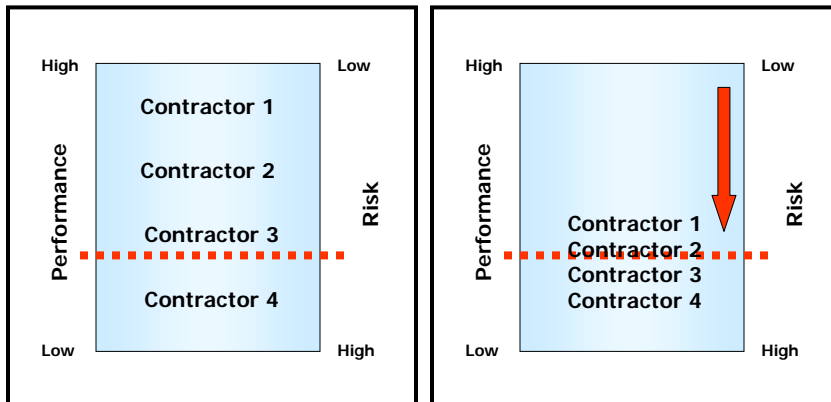
Minimum Standards



Which is the Professional?



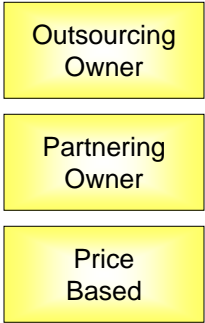
Price Based Model



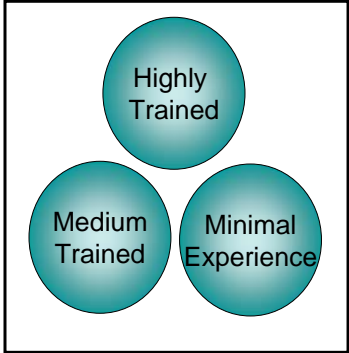
Decision making: what is the minimum standard, and do all contractors meet the minimum standards

Business Model

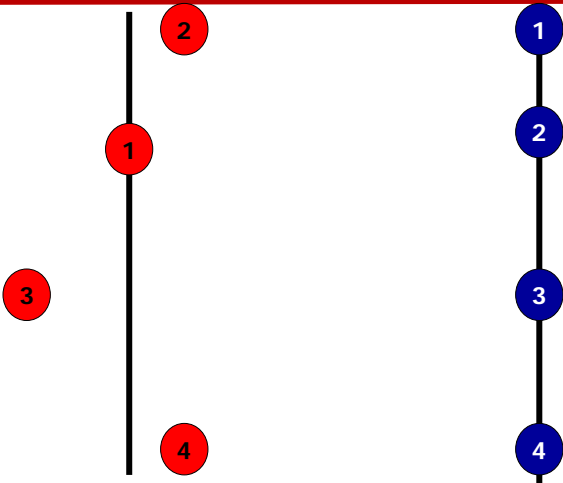
Customers



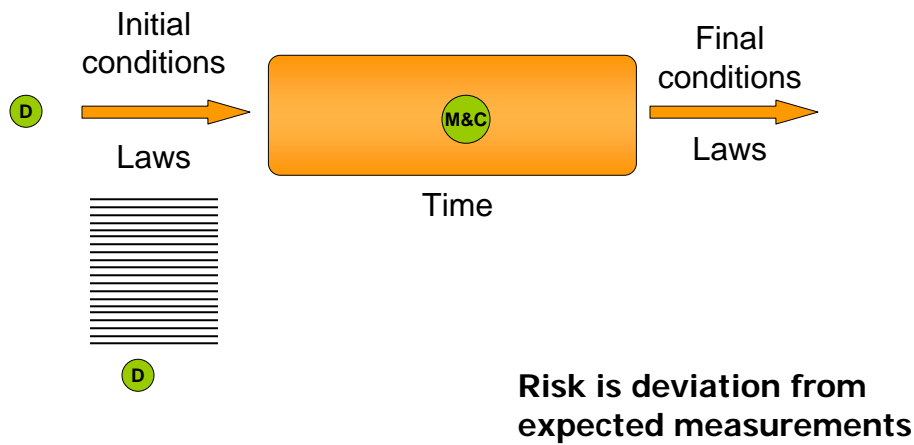
Vendor X



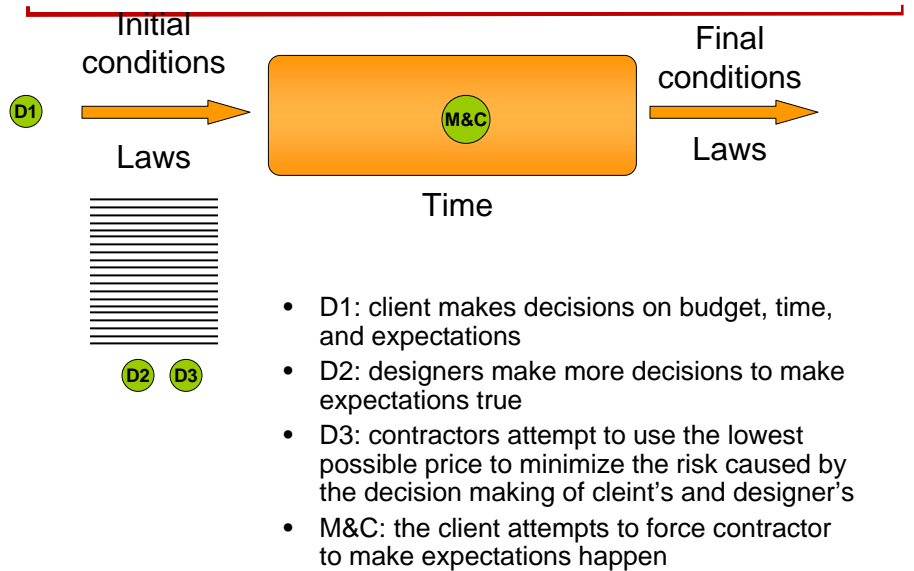
Management and Control



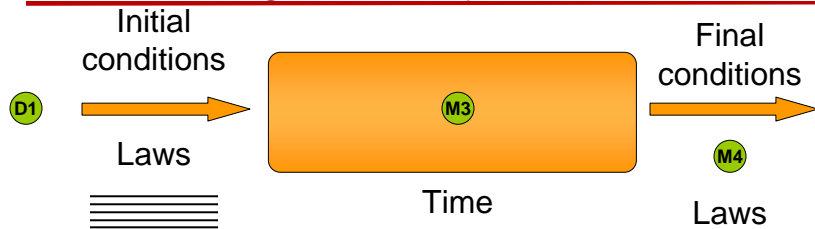
Event



Current Risk Management Model



Performance Information Risk Management System (PIRMS)



- M1: Measured design options that accurately describe the initial conditions replaces D1
- M2: The best value construction option that replaces the design M1
- M3: WRR/RMP measures deviation
- M4: final performance measurement



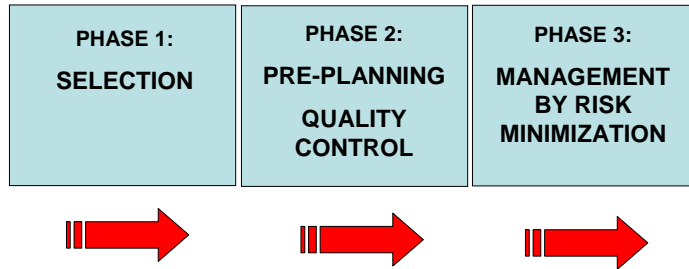
Performing Designer

- Set the conservative baseline
 - Do value engineering up front
 - Only accept VE concepts if they show dominant results
 - Have a risk management plan
- Measure deviation in terms of time and cost
- Use weekly risk report to hold everyone accountable

Professionalism

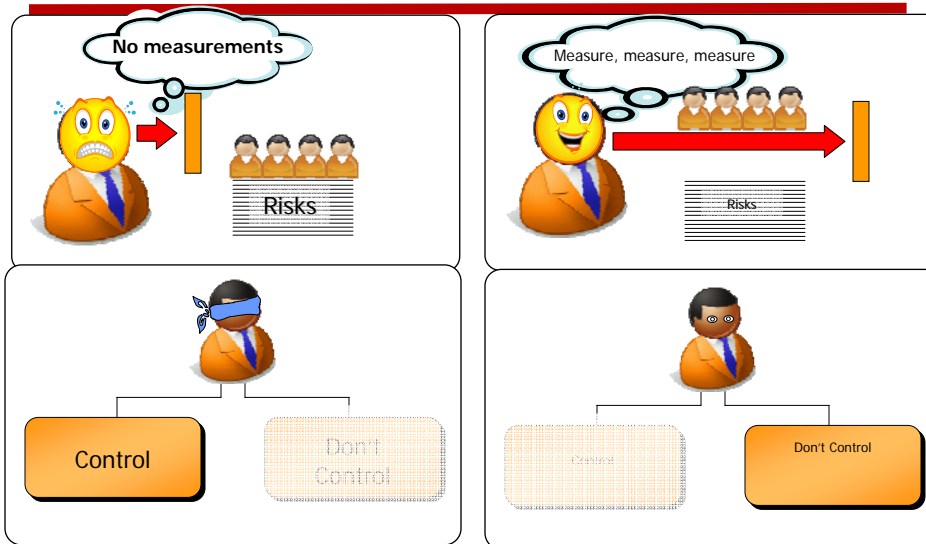
- Weekly Risk Report
 - Holds everyone accountable
- Risk Management Plan
 - Identify and manage risk that the designer does not control

Best Value System
Performance Information Procurement System (PIPS)
PM model, Risk Management model

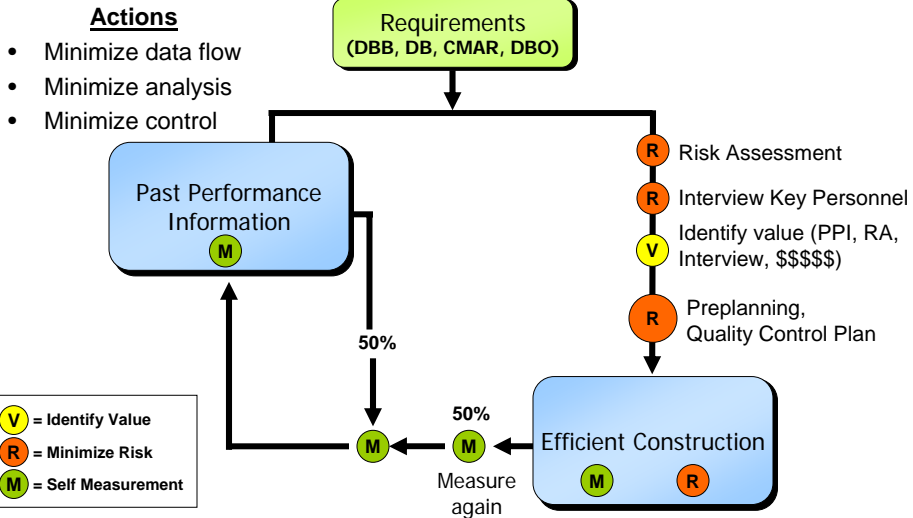


Best Value also known as "sealed competitive bid" in State of Texas

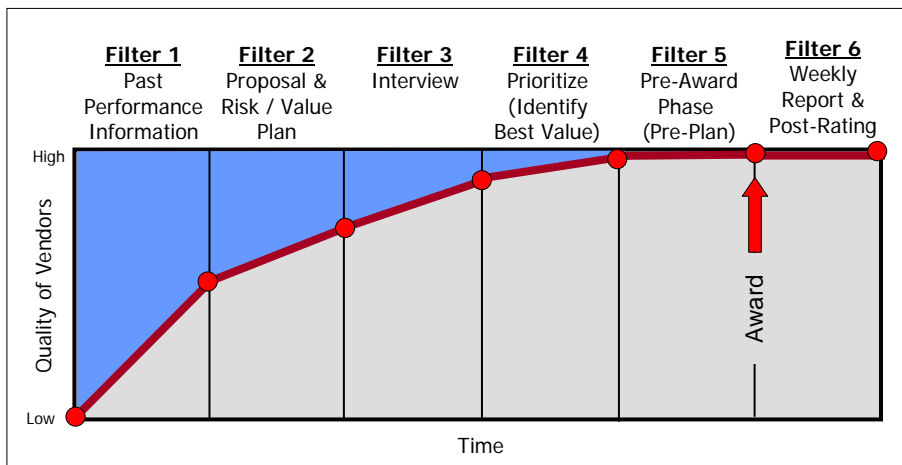
Manage/control vs. Self monitoring



Self Regulating Loop (Six Sigma DMAIC Generated)



Performance Information Procurement System (PIPS)



Proactive Professionals Requirements

- Need for appreciation of variation
- Use ability of people
- Minimizing variation is more important than meeting specifications

Edward Deming, "Out of Crisis" p. 49



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Who wants to know more?

- Journal paper on methodology
- Meet contractors who are looking for performing designers
- Take control of your professionalism
- Drop a business card in my hat
- Pbsrg.com
- Dean.kashiwagi@asu.edu



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Thank you!

This concludes the American Institute of Architects
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Any Questions?