



The Well Advised Client: improving project effectiveness through strategic advice.

The success of any construction project depends on the client. However good the rest of the team is, the knowledge, strength and wisdom of the client are decisive for the achievement of goals. This is well evidenced by the difference between the results achieved by 'professional clients': developers, large companies and some universities, and those produced by clients who do not build continuously or have standing, expert teams. This group are by far the majority however. How are they to get what they need from the construction industry?

In the last twenty years there has been a shift in conventional wisdom on how to buy from the industry. This shift has been away from the traditional way of starting a project by hiring an architect and other consultants, preparing a design and then finding a contractor by tendering, towards having the building designed and built by the contractor. This shift has occurred as a result of long-standing problems caused by the traditional procurement path: it gives the client flexibility to make changes which the contractor can exploit to recover from a winningly low tender; it leaves the client with liability for his consultant's errors; it fails to involve the contractor and his suppliers in the design decisions, losing the chance to find economies from their expertise.

The trend to design-build has however opened up another problem. Whilst design-build may produce lower client risk and better performance on time and budget, it often does not provide the outcome actually needed. The method concentrates on the delivery process and has not proved good at defining the right product with the best whole-life value. At the same time the in-house resources available to occasional clients have disappeared: the company or local authority chief architect is no more. They used to help define the project and set up the team. Professional clients get results from design-build by starting with their own design team to define the project and bringing in the contractor early whilst design is still evolving. They

then either hand-off the design completion to the contractor's team or transfer their designers to the contractor's employment.

Public clients are dissuaded from this approach. The new government construction strategy advocates that clients define only the outcomes they seek and the resources they have available, seeking an integrated response from competing design-build teams. This puts a major task on the prospective client. The strategy calls for clients to have the skills of:

- Forming a decisive client team
- Knowing how the project creates the value they seek
- Knowing how to take the project to market and what the price should be
- Communicating with the supply side so that they understand value in client terms
- Sponsoring the project from inception to completion.

The RIBA have risen to this client need by creating a cohort of Client Advisers. These are experienced professionals who support the client in these five key skill areas. Other architects, working for the contractor, will design the building, but the Client Adviser helps raise client effectiveness step by step, playing the role of the now-defunct in-house adviser or of the 'CABE Enabler', a service not now available either.

Forming the client team is step one. Who are the project stakeholders and what are their needs? Can a single leader be identified for the project? It is very important that the client speak with one voice, consistently, throughout the project. It is also important that all interests are embraced: owners, users, customers, local authorities, community and investors. A vision for the outcome of the project must be developed which all share. This vision must be stuck to and decisions made in a timely way as detailed information is needed by the suppliers and challenges arise. It's about leadership, projecting vision and values.



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Most of the important decisions come at the front end. It's clear from analysis that the ability to make value-enhancing changes in the brief or design come early. As time passes the cost of change rises until it overtakes the benefit available. The well advised client will uncover all the issues and concentrate the creative thinking at the early stages, then sign off to avoid further change.

How will the project deliver those desired outcomes? The stakeholders' vision needs to become a 'business case' to pass Gateway 1*, the argument which justifies the proposal against the returns it will make. What pattern of spaces and operational modes will provide the business performance or service delivery that the project seeks? How does a facility support performance? It's vital to define this well.

I suggest the concept of the 'Value Proposition'. Value is what you get over what you give up to get it. The most important word is 'You', the voices and values of the various stakeholders. The Proposition is a statement of desired outcomes over available resources based on negotiating with the stakeholders. Each will have benefits to gain and sacrifices to make in reaching a shared compromise. Owner, funder, occupier, user, facility manager, customer, local authority and community all need to get and give something. The adviser can facilitate a shared proposition which is feasible and can get permission and funding whilst delivering the mix of outcomes sought.

It can be helpful to consider Value in six dimensions, as the six faces of a cube. All features of a concept can have value in more than one dimension. You can only see three facets of a cube at one time. Three of them have financial value: Use, Exchange and Image. Use value describes how the facility serves the user in delivering what they do. Exchange value is the amount others would pay for the building, for a generic use; Image value is the communication power of the design, to make a landmark or a brand and to speak to users and the public about the occupiers or owner.



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On the other side of the cube are less tangible value dimensions: Environmental, Social and Cultural. These can be seen either as externalities or as dimensions vital to reputation or image value. Planning permission may hinge on meeting imposed minimum environmental and social needs or corporate responsibility goals may require higher level achievement. Cultural value, as a work of architecture, a 'place-maker', or the conservation of an historic place, is sometimes a priority.

One guide in using the Value Proposition is that perceived value should exceed price paid and that in turn should exceed supplier costs. Healthy margins between all make buyer and seller content. The idea of Lean Thinking is that by concentrating on value as perceived by customers a supplier can cut out content which is not perceived as value or tasks which do not add it. Thus cost can be cut as value is maximised. This approach will be important in communicating value in client terms to the suppliers so that they can refine their response.

The initial work of defining the project has the highest value of any done on the project. If the construction cost is seen as 1, the 20-year business or social value delivered can be 30 and the 20-year cost of running the building 3. The design and management of the project can cost 0.1 but the pre-project thinking can cost only 0.01. This is a three-thousandth of the outcome value. The leverage of sound thinking in forming the value proposition is substantial. The right sequence of thought is to optimise four things:

- The performance of the asset in use
- The acceptable operating cost
- The affordable capital cost to achieve the above
- The way to hold the asset most economically
(eg. as owner occupier, tenant or serviced occupier)

Yet many clients do not consider this strategic stage well or provide resources for it, a besetting sin. Discovering all this as the project rolls along is one cause of



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expensive late change and of disappointment with results. Good input from Client Advisers, economic, legal and architectural, is vital.

Once the business case is made the project can come to market (Gateway 2*). The industry can be harnessed in many ways, depending on client goals. To one side of the traditional path lies the 'owner-builder' route, where a confident client retains control, flexibility and risk, as does BAA at Heathrow. At the other extreme lies Design-Build-Operate, where the client unloads risk but also control, in the interests of certainty. Your adviser team will discuss the options that fit your Value Proposition.

The new government construction strategy suggests that public clients should know the benchmark cost of what they need and choose integrated supply teams on merit rather than on an offer of price. That is skilful stuff and the adviser team will be central to evaluating potential teams and their ideas. The idea of asking for the building to be contractor-operated as well as designed and built is to take advantage of the increased reliability possible. We now fly twin engine jets across the Atlantic rather than four-engine planes as the airlines switched in the 90s from buying engines at the lowest cost to leasing them fully serviced. Suppliers then moved from maximising maintenance income to minimising maintenance need, drastically increasing reliability. We know now that buildings only perform as designed when commissioned and operated with skill and we need to link up the processes.

The client is expected to communicate their outcome needs to potential and actual suppliers so that they can interpret those needs with skill. Aligning understanding between different worlds is not simple. The role of the Client Adviser is like that of the Roman god Janus, the keeper of the gateway. He is shown with two faces, one communicating with the client and the other with the design-build-operate team, both in their respective tongues. At Gateway 3* the Adviser will also be a key evaluator of the design proposals offered, to see that they deliver the value proposition. The client will need advice on whether to ask for the team to use Building Information Modelling. This will be government policy by 2016 because it delivers lower risk in

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design and construction and far better information with which to operate the facility. There is also a decision to reach on asking for 'Soft Landings' service, the inclusion of Facility Management thinking in the brief and design, enhanced commissioning and presence of the team on the 'shakedown cruise' of the first year of operation to get all the bugs out. If the client is retaining the FM role, this pays back.

Right through the project, the effectiveness of the sponsoring client is central. It is important that the same person holds the role throughout and that they make time for it. It is just as important that the team members keep the same faces around the table throughout. Continuity, shared understanding and team spirit are very valuable. Some change is survivable but would need work to overcome lost understanding. The avoidance of 'mission creep' is a key discipline too. The building will be updated continuously once in use but the temptation to do so during the contract only fits with the 'owner-builder' route.

Gateways 4* and 5*, accepting the building on completion and feeding back on the project in use two years later, provide feedback on how well the project ran and whether the business case was met. The Display Energy Certificate will be part of the evidence of outcomes. It shows the actual energy performance of the building and we know that this can be surprisingly poor unless the project has followed a well-controlled process. Many others will want to learn from the outcomes to begin on their own project journeys.

The Client Adviser brings to the client experience and wisdom from it. The value of thought before action is central to achieve more benefit for less cost, basing decisions on evidence whenever possible. Design Thinking, the skill of seeing patterns in requirements, finding meaning, distilling everyone's ideas and communicating them, flows from the adviser's background. Whether it is in supporting a visioning process, testing feasibility, defining the Value Proposition, communicating with the supply side, evaluating proposals, steering through value



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management, supporting acceptance and feedback, the Client Adviser is a crucial enabler.

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**The Gateway concept is that of the Office of Government Commerce in the Cabinet Office. Projects are evaluated before passing gateways and are not expected to proceed further without evaluation. Gateway 1 is the business case; Gateway 2 the choice of procurement path and supply team; Gateway 3 judges the design before commitment to build; Gateway 4 accepts the finished building; Gateway 5 appraises the project in use against the original business case.*

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