

Increasing the Value of Professionals and Engineers

PROJECT MANAGEMENT TECHNICAL DIVISION



by Ir. Noor Iziddin Abdallah Ghazali

THE Project Management Technical Division (PMTD) of IEM organised a talk on Increasing The Value of Professionals and Engineers on 7 November, 2012, at Wisma IEM. Over 60 participants attended.

The speaker was Dean Kashiwagi, Ph.D, Professor, P.E., Fulbright Scholar, IFMA Fellow, Director, Performance Based Studies Research Group (PBSRG), Arizona State University and Adjunct Professor, Universiti Tunku Abdul Rahman (UTAR). He said the position of professionals (designers, engineers and quantity surveyors) in the delivery of construction has been downgrading in the past decade. Owners, buyers and developers are not effectively and efficiently utilising professional services in construction. This is easily observable in the following:

1. Owners are directing the professionals and making the technical decisions.
2. The professionals are doing rework instead of optimising the utilisation of their time and services.
3. The professionals do not have a detailed plan that identifies when their expertise is being utilised and the cost of the expertise. Instead owners are hiring them based on a percentage fee which requires professionals to spend less time in using their expertise and more time in non-productive meetings and rework.
4. The owners are depending more on contractors instead of trained professionals (design-build).
5. The expertise of professionals is being threatened and instead of changing the environment which is causing the problem, the professionals do more technical training (which does not solve the business problem but forces the professional to do more work for less returns).
6. The problem may also have a compounding effect in that when technical expertise is required, owners think that Malaysian professionals are inadequate, so they utilise foreign technical experts instead.

However, this is not a "Malaysian" problem and it is not an isolated problem with professional engineers in Malaysia, but extends to all professionals worldwide. Currently the author is working with the professional engineering and risk management and project management groups in the Netherlands to assist in the aligning and utilising of professional expertise in The Netherlands. The problem is also found in the United States and Canada, where the introduction of the best value approach is changing the mindset on the use of expert services by owners.

The answer lies in the industry structure which applies to all service industries worldwide. Increasing competition is forcing owners to focus on lowering prices. They do not understand that when they control the delivery of services and don't utilise the expertise of professionals to minimise risk and improve performance, they are:

1. Decreasing the value of the expertise.
2. Creating a price based environment.
3. Not motivating the technical experts to utilise their expertise.
4. Becoming top-down, micro-managing the situation, and delivering lower quality for a higher price.

The end result is a creation of an environment of "the abuser and the abused" in which both sides become partners in degrading expertise – the owners because they are not utilising expertise efficiently and effectively because of their need to manage and control, and the professionals because they have given up their right to utilise their expertise.

Prof. Dean Kashiwagi proposed that the environment must change from price based to best value environment. Professionals must act unilaterally for this to happen. They cannot depend on the owners to change the environment. The best value approach is more of a business approach rather than a technical approach and this makes it difficult for professionals trained to utilise technical expertise to resolve problems.

The professionals must act together. They must identify visionaries who recognise what is happening. They must get the assistance of "best value" implementation experts. Best value experts resolve industry structure issues and change the environment where experts are utilised more effectively and efficiently. Best value experts increase the profit margin of the experts and decrease the project costs of the owner, creating "win-win" results.

Best value is the creation of transparency, where the level of expertise has value. Best value is also where technical experts can quantify their value without having to explain things "technically" to an owner with no technical knowledge.

Malaysia has the advantage in utilising technical expertise due to the relationship between the Department

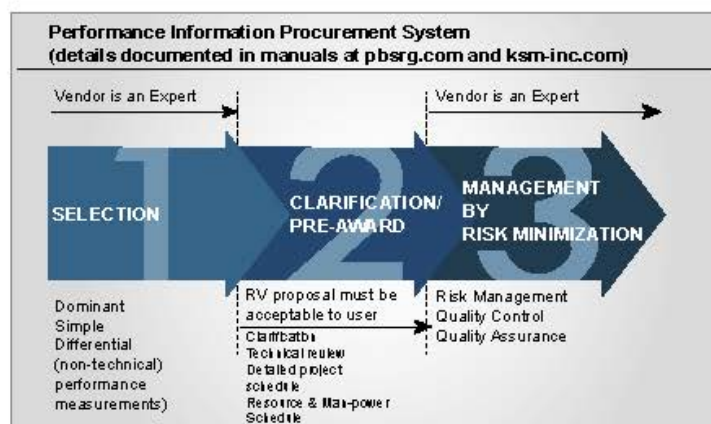


Figure 1: Performance Information Procurement System



Prof. Dean Kashiwagi and Ir. Noor Iziddin during the session

Of The Built-Environment of Universiti Tunku Abdul Rahman (UTAR) project management group and the Performance Based Studies Research Group (PBSRG) at Arizona State University (ASU). PBSRG has presented to both the Institution of Engineers, Malaysia (IEM) and the Royal Institute of Chartered Surveyors (RICS) and Institute of Surveyors Malaysia (ISM) and to the Project Management Institute Malaysian Chapter (PMIMY), 10th Anniversary Lecture Series in UTAR, encouraging them to collaborate to change the current environment.

The talk concluded that the engineering profession must have a strategic plan to change the professional's environment. Engineers should integrate their efforts with visionaries from other disciplines. The problem is that owners are not utilising the expertise of professionals, resulting in the owners directing and controlling the professional services. So the value of expertise is diminished and professionals are losing their status. They have become the "abused" in an "abuser-abused" relationship and they abuse themselves by not having a strategic plan to control the use of their expertise.

Perhaps they find the problem difficult to solve as it is not technical in nature. The solution lies in rising above their technical nature to learn the best value approach to their business.

During the Q&A session, Prof. Dean Kashiwagi answered all the questions raised by the participants. The talk ended at precisely 7.15 p.m. in line with the practice of Project Management on timely delivery.

At the end of the talk, Prof. Dean Kashiwagi received a certificate of appreciation and a memento from Ir. Noor Iziddin Abdullah B. Hj. Ghazali, currently the Secretary of Project Management Technical Division and IEM Council Member for session 2011 to 2014.

Readers may write to the speaker at Dean.Kashiwagi@asu.edu. for any enquiries. ■



The participants listening to the talk



Prof. Dean Kashiwagi receiving a memento from Ir. Noor Iziddin

Ir. Noor Iziddin Abdullah Ghazali is Secretary of Project Management Technical Division for session 2012/2013 and Council Member of IEM. He is working as a Manager, Facility Management Division, Sunway Property Berhad.