

DISCRETE COSTING VERSUS COLLABORATIVE COSTING

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BACKGROUND

For many years now, UK construction industry has had several recommendations from the industry practitioners and government, stressing on collaborative practice, value addition and the use of collaborative approaches to streamline design and construction processes. But, most efforts have focused primarily on the conventional project management system, which is coherent and contract-based and has brought the separation in the activities of costing/design and production. In fact, costing and design activities are still treated separate and independent functions which are carried out discretely within the current project delivery system. These lack of collaboration has worsens in the areas of cost management where cost targets are still set by the client's advisors (Qs) in isolation who take sole ownership of cost advice. The growth of collaborative approaches such as target value design (TVD) opens new opportunities for project participants to deliver more value for clients and work collaboratively. Hence, this study aims to explore the idea of collaborative costing in contrast with the traditional cost management system using TVD as an exemplar.

CURRENT CONDITION (see fig 1)

- Currently, costing process (cost planning) in the UK, is still based on market driven estimates instead of the business case, overturning the essence of value.
- Evidently, project actors such as designers, cost consultants and the supply chain continued to work in silos and isolation focusing more on profit ahead of the overall project benefit that eventually reduces project value.
- The lack of collaboration has caused a separation that continued even in the current cost planning process, where the norm has always been design-estimate-redesign, with gaps and disconnects that leads to project delays, conflicts, ambiguities and value loss.

GOALS/TARGET

The purpose of this study is to investigate how the current cost management practice can be improve towards a more collaborative system against the existing discrete form of costing that inhibits collaboration.

METHOD

The study reviewed literatures including published case studies of collaborative costing using TVD. An approach that enables the current theory to be established in order to identify the ways costing and design activities are managed, understood and delivered. To achieve this, the study compares and contrasts the conventional cost management process in the UK, which is more discrete, and lean costing approaches using TVD as an exemplar of a collaborative costing approach.

RESULTS AND CONCLUSION (See fig 2)

- The standout feature of collaborative costing ensures that design process is waste free using the TVD method to steer design and collaborate fully down to production.

- It further integrates stakeholders and supply chain engagement right from the outset sharing a common goal and a desired objective.
- The collaborative costing model has reveal some benefits and opportunities that can be drawn to have an impact on the UK costing model, such as Cost-led Procurement that was introduce in the UK in 2012;
- Although the model is currently not patronised well within the industry, but it certainly has the right framework that would allow the industry to use and develop innovative solutions in the current costing model.

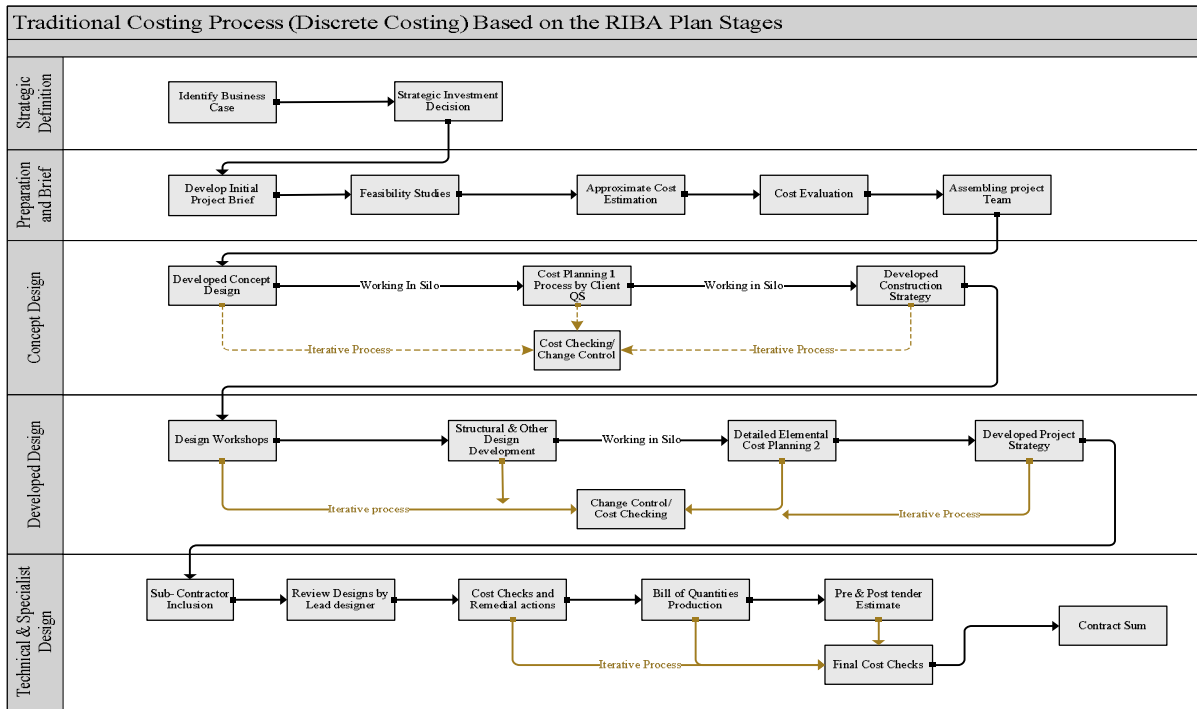


Figure 1. The UK Costing Model Adapted from the RIBA Plan of work 2013.

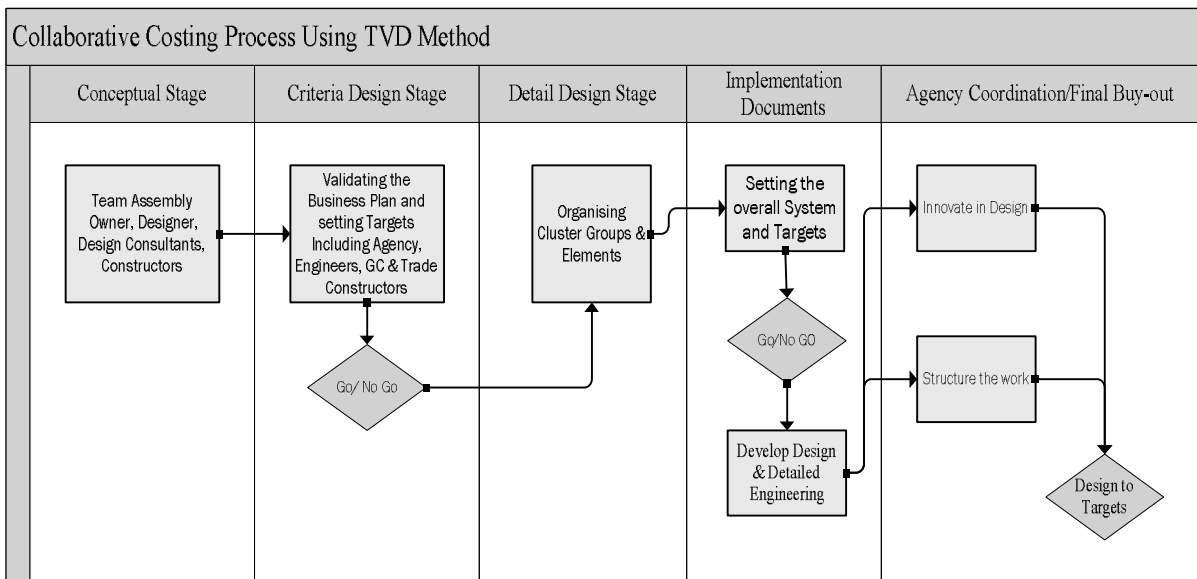


Figure 2. Collaborative Costing Model Using TVD as an Exemplar.