BEST VALUE PROCUREMENT-
EXPERIENCES FROM THE EXECUTION PHASE

Emil Fløvik Nygård, Paulos Abebe Wondimu, and Ola Lædre
Introduction

- Statistics given by Statistics Norway (2018) shows a 10% decrease in productivity in the Norwegian construction industry.

- Several approaches are applied to turn this trend over, such as partnering and early contractor involvement (ECI).

- There are several approaches for implementing ECI in the public sector and BVP is one of them.
What is BVP?

- BVP is a part of the Best Value Approach (BVA) founded by Dean Kashiwagi in 1991

- BVA consists of a procurement model, a risk managing model and a project management model

- The overall purpose of BVP is to identify and select the most suitable vendor (the expert) through simple and dominant information
BVP phases

0. Pre-Qualification
- Education of vendors
- Differential in capability/expertise [using nontechnical performance metrics]

1. Selection
- All Vendors

2. Clarification
- Technical review of scope and vendor plan

3. Execution
- Weekly tracking of project deviation

Award Contract
Research questions

● The available research is mainly related to the early phases of BVP
  ● minimal research has been done on the execution phase and how BVP can improve the final product

● This paper explores experiences from the execution phase of two Norwegian building projects and addresses the following research questions:
  
  ● How was BVP practiced through the projects?
  
  ● What consequences followed BVP in the execution phase?
  
  ● How should BVP be practiced to improve the execution phase and the final product?
Research method

- Literature study and two longitudinal case studies

- A longitudinal study consists of continuous or repetitive measures to follow particular individuals over prolonged periods of time

- The two case projects where chosen as they are among the first building projects in Norway using BVP

- The projects were of same size and scope with a conventional project organization
Case study

- A total of 8 interviews were held with interviewees from both the client and the vendor.

- Interviewees were selected based on their involvement in both the procurement and execution phase.

- Interview were conducted through in-depth semi-structured interviews based on an interview guide, face-to-face at the interviewee’s office.

- First interview round were held in October-November 2018 and the second round in March-April 2019.
How was BVP practiced through the projects?

- BVP was practiced quite similar in the projects, and mostly as described in the theory.
- Important differences were:
  - Client’s maximum price vs. client’s maximum budget price
  - Added value
What consequences followed BVP in the execution phase?

• How BVP is practiced in the earlier phases has shown to have a significant influence on the execution phase of the project, and thus also the final product.

• Most of the consequences were positive, but some caused a number of challenges.
How should BVP be practiced to improve the execution phase and the final product?

- Important elements when practicing BVP:
  - Education of project participants
  - BV expert
  - Price
  - Interview of key personnel
  - Added value
  - Kick-off-meeting
  - Risk management plan
  - Key Performance Indicators (KPIs)
  - Weekly Risk Reports (WRR)
Thank you for your attention!

Questions?