

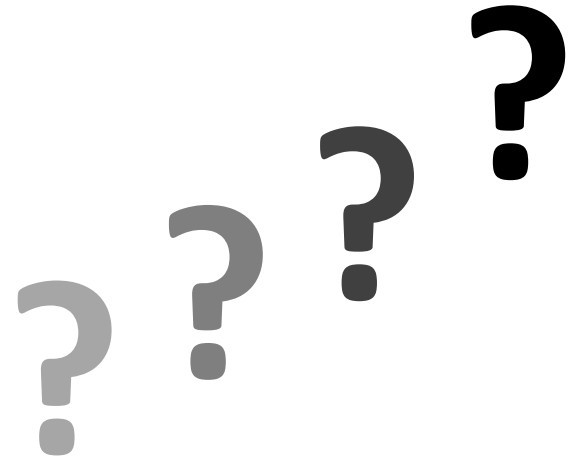
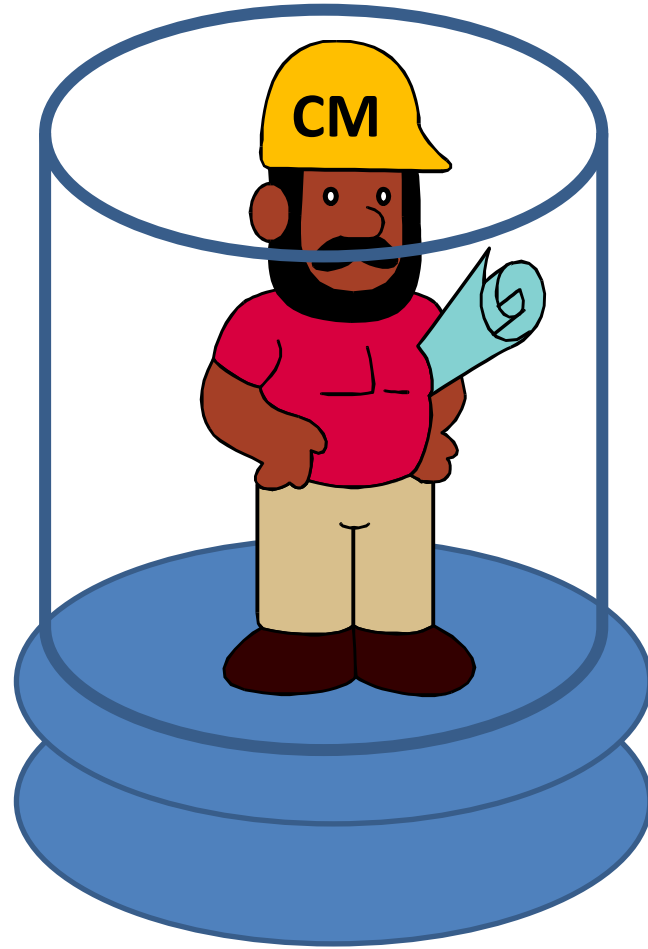
# **Changes and Challenges facing Construction Management in SA**

Bob Hindle

Construction Business Development  
Consultant

# CM profession under threat!

- **Toxic project environments**
- **Deepening industry fragmentation**
- **Neglect by stakeholders**
- **Neglect by employers**



**Soon to be an exhibit in the  
natural history museum**

# Sources of information:

- CMP survey yearly from 2003 to 2011
- CIOB university survey 2012

# CMP Survey question:

What are your current problems and frustrations?

- 1. Skills Shortages**
- 2. Constant late information & design changes**
- 3. Numbers of skilled people leaving the industry**

# **3 underlying causation factors**

- 1. Government intervention**
- 2. Cyclical demand fluctuations**
- 3. Shortcomings of traditional procurement process**

# 1. Government Intervention

Construction a TARGETED industry!  
Intentions were noble and accepted  
by all

# Intervention Impact?

- **The INTENDED one**
- **An UNINTENDED one**





# Government intervention

## Intervention

- Democratisation 1994
- Skills Dev Act 1998
- (Preferential procurement)
  
- Basic Conditions 1997
- Employment Equity 1998
- H&SA

## Impact

- Negated leadership
- Fragmented role players
- Ended industry training
- Forced skills out
- New project objectives
- Retraining staff to train & develop
- Caused outsourcing
- End of apprenticeships
- Mounds of form filling

# Intervention Impact



**DRIVING  
SKILLS  
AWAY**

## Impact

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# Intervention Impact

In

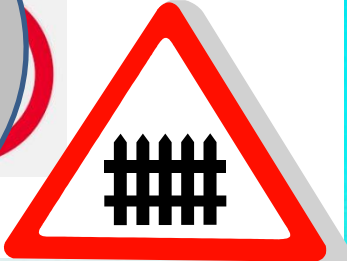
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**ADDING  
BURDEN  
TO CM's**  
•

## Impact

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!#?#

COMPLIANCE!  
COMPLIANCE!  
COMPLIANCE!



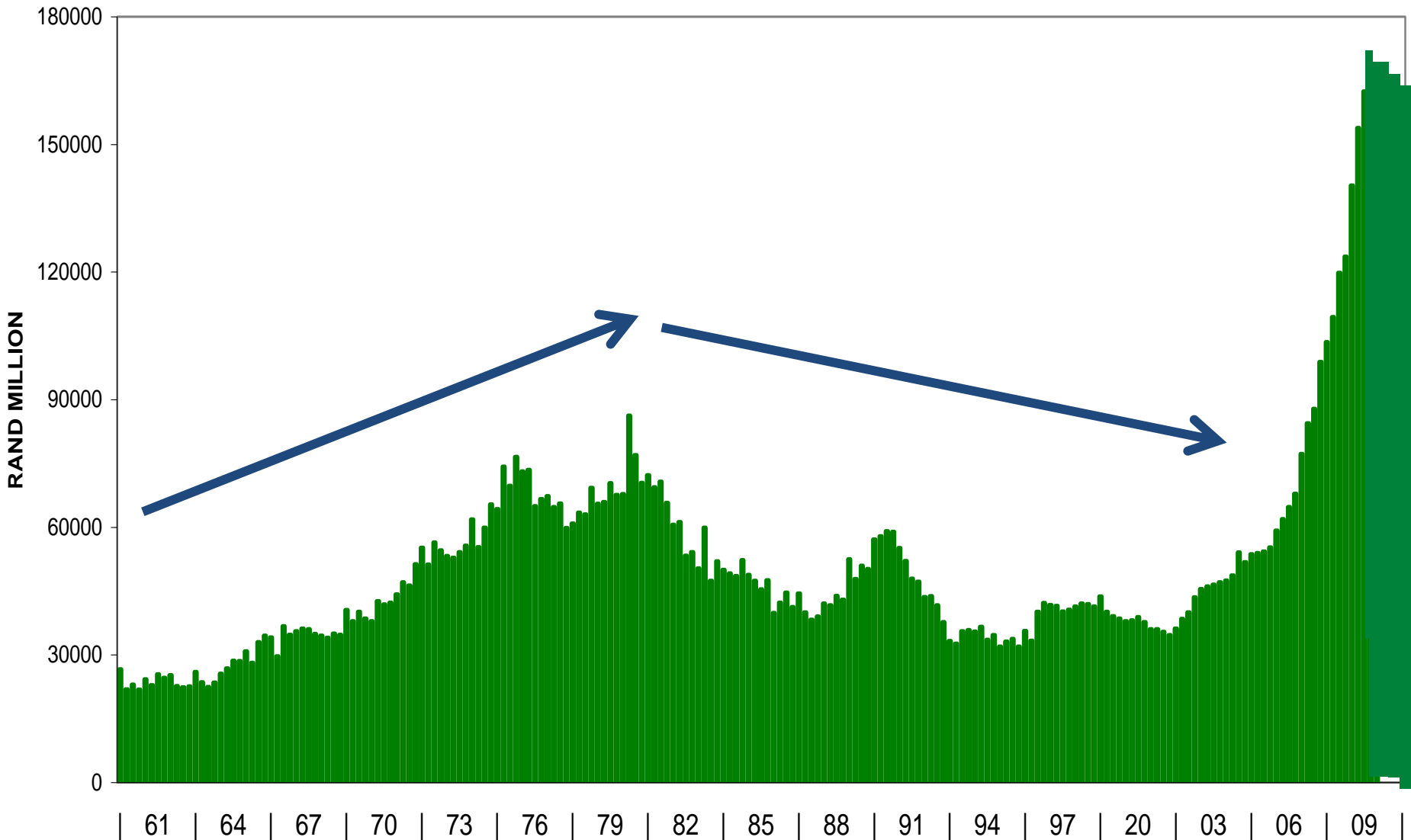
**“Regulation  
Strangulation”**

# 2. Demand Fluctuations

Demand is influenced by short-term  
business cycle & Government  
Intervention

# INVESTMENT IN TOTAL CONSTRUCTION WORKS, 1960 to 2009

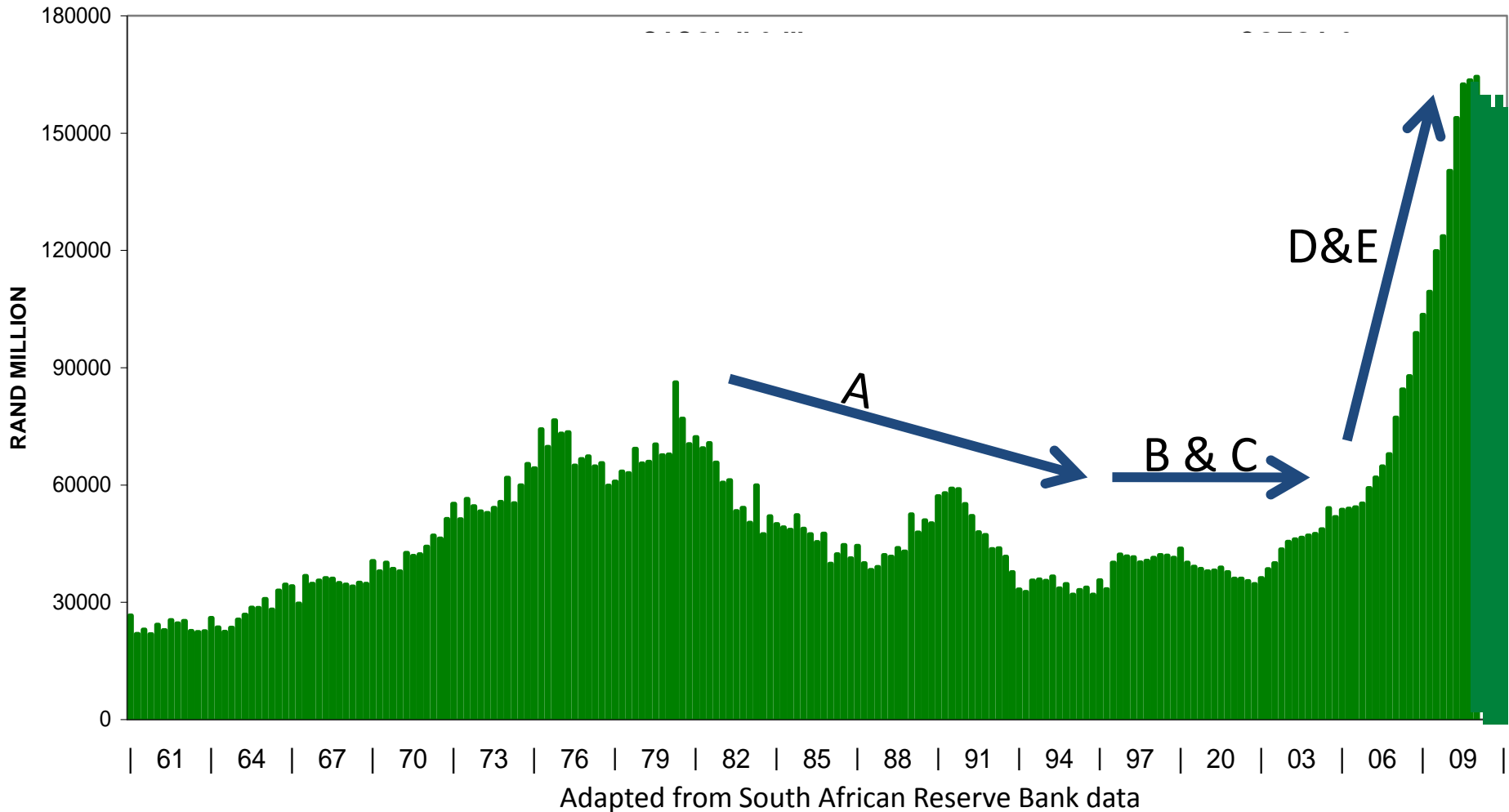
AT CONSTANT 2008 PRICES (SEAS ADJ QUARTERLY DATA)



Source: SARB; MFA DATABASE

# INVESTMENT IN TOTAL CONSTRUCTION WORKS, 1960 to 2009

AT CONSTANT 2008 PRICES (SEAS ADJ QUARTERLY DATA)



A = cost of apartheid & sanctions  
B = ANC privatisation policy  
C = Moratorium on infrastructure

D = 2010 soccer world cup preparation  
E = Accelerated Capex Programme

# 3. Traditional System Failure

Traditional Procurement in the Fast-  
Track era!!!!



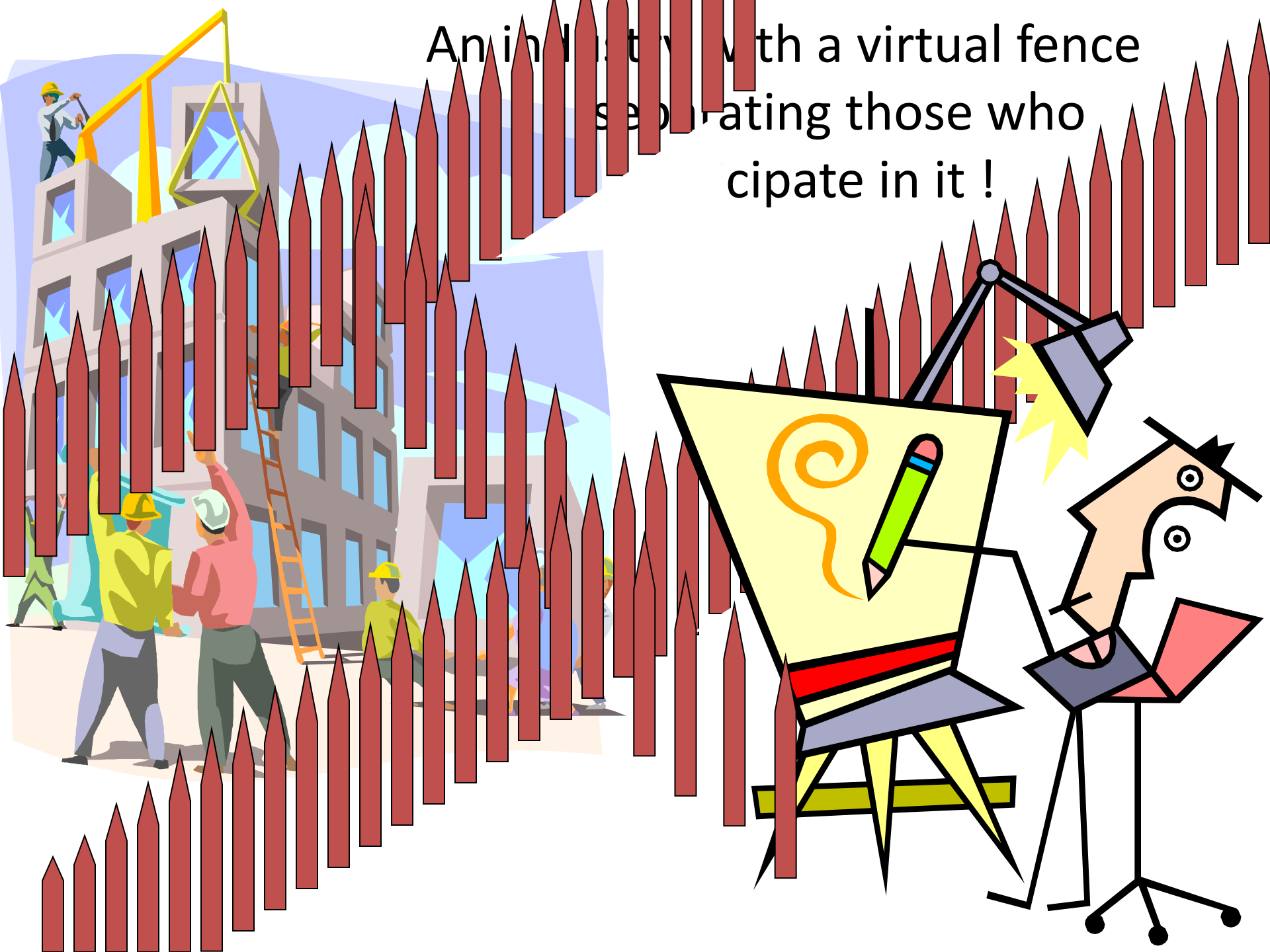
# Traditional

1. Constant late info
2. Selection based on
3. Antagonistic attitude

**All made worse w**



An industry with a virtual fence  
separating those who  
participate in it!



# The Great TURF WAR !

(Promulgation of SACPCMP)



# INDUSTRY LEADERSHIP ??????

- **The FRAGMENTATION FACTOR**
- **New industry bodies:**
  - CIDB adding regulation not leadership
  - Procurement agencies demonstrate incapacity
  - CETA a disaster
  - NHBRC !!!!
  - CBE finding its feet
- **Old stakeholders – fighting for relevance**

Pr SKILLS SHORTAGE f ?

INTERVENTION

DEMAND FLUX



BOSSSES TO BUSY  
to notice

SYSTEM  
FAILURE

PRODUCTIVITY

**Where to from here?**

# CIOB & SACPCMP

## Step up to the plate

- CM Summit 2012 – All stakeholders invited
- CM Development Committee within SACPCMP
  - Developing strategies
  - Building partnerships
- Are you involved ?

# What can we do?

(Industry & Employer Level)

- **Intervention and demand cycles** – out of our reach
- **Finding leadership again?**
- **Work to change traditional processes**
- **Create Enabling Environments?**



# What can we do?

(At organisational / provider level)

## CRITICAL

Must get this right  
before we can guide  
young people into  
this career!

- Pr

- Provide the career

**CREATE AN ENABLING  
ENVIRONMENT**

Hope to see you all at  
the CM Summit 2013

Thank you!