

Adhocracy in the bureaucracy

PRACTICES OF IMPLEMENTING COLLABORATIVE CONTRACTING IN
INFRASTRUCTURE CLIENT ORGANIZATIONS

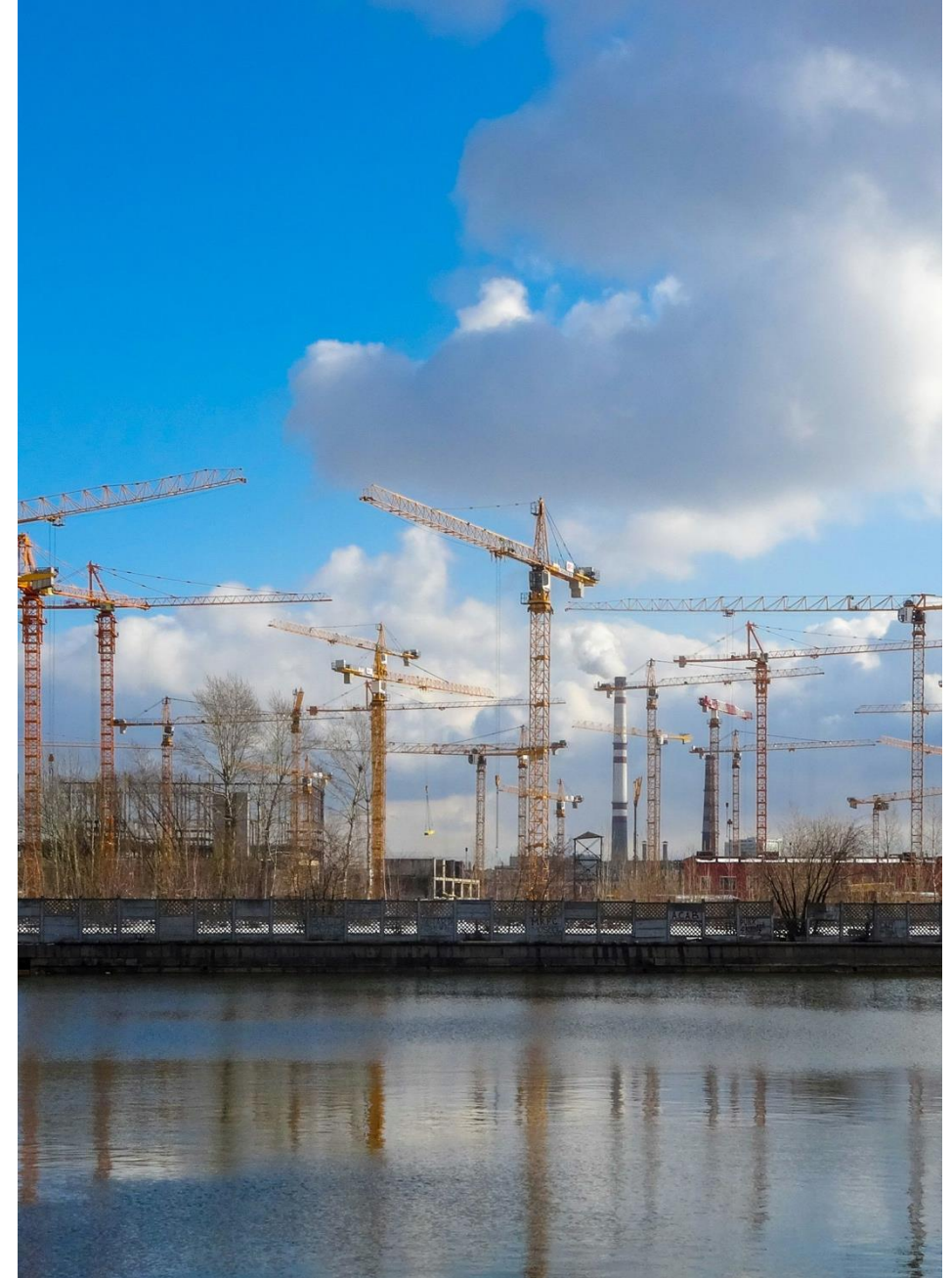
Lilly Rosander, Swedish Construction Clients

Public procurement of infrastructure

International trend amongst clients to apply **relational/ collaborative contracting** to manage large and complex projects

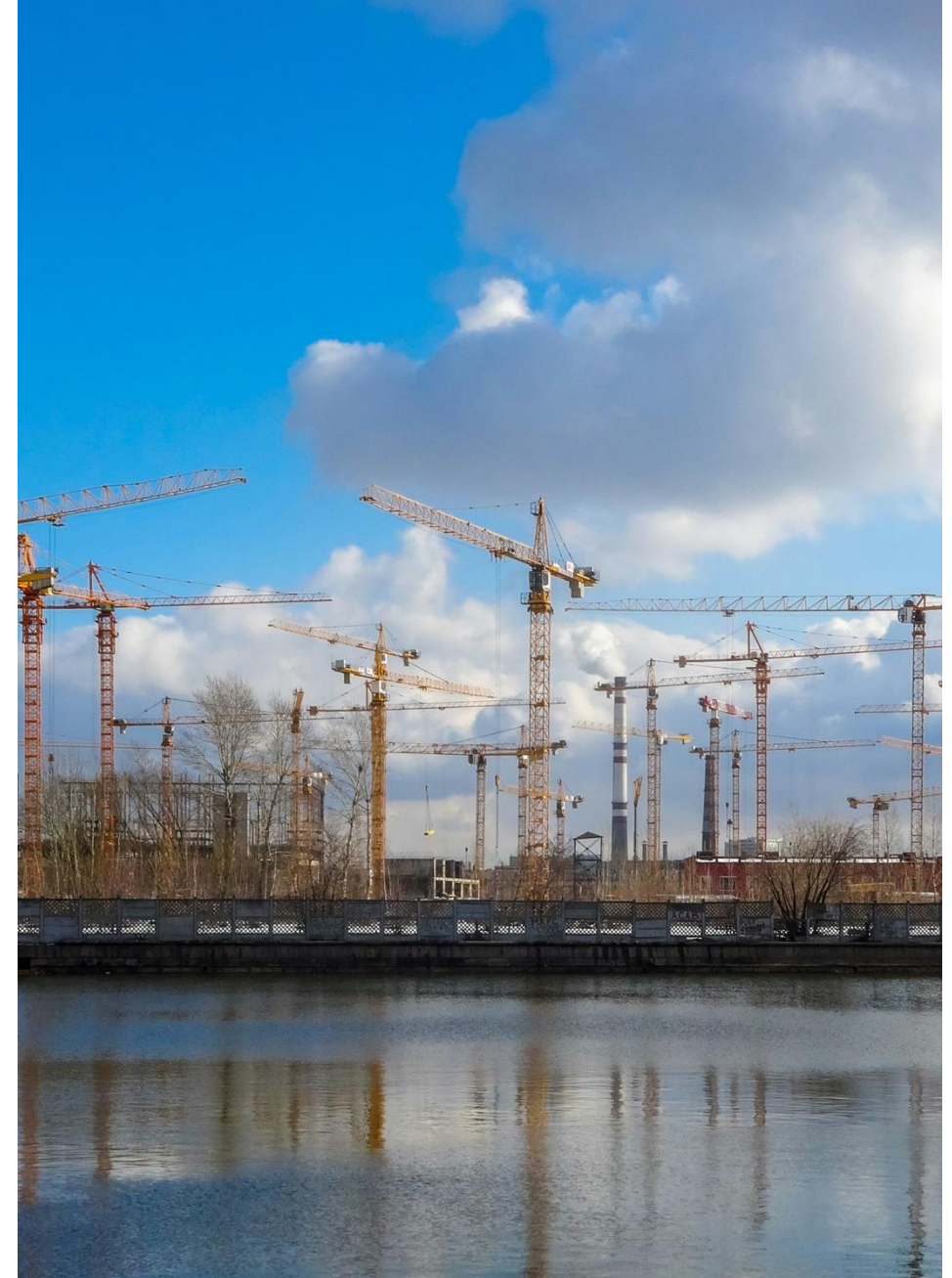
Generally:

- Two-stage contracting
- Involving contractors early
- Models/definition vary between areas and over time (partnering, ECI, Alliance, IPD)



Public procurement of infrastructure

- Public clients are often attributed an important role in driving transition in the construction sector.
- Yet many public clients struggle to move beyond one-off pilot projects (Plantinga et al., 2020).
- Research on new procurement strategies generally takes a project perspective. However, public client organizations are also political organizations with a bureaucratic tradition.
- Thus, it is important to understand the processes to develop procurement practices in public (bureaucratic) project-based organizations (adhocracies) over time.



The Swedish Transport Administration and ECI

2003 - 2010

Joint industry initiative to promote (limited) collaboration in infrastructure construction

2010

Swedish Transport Administration (STA) is established (“refined” client role, DB contracts, “arms-length” relationships)

2013

Contractors and STA staff call for relational contracting models

2015

The first ECI contracts (ECI 1+2) in the STA are announced for tender

2016

Formal ECI contract model part of the STA procurement strategy

A need to **try something new** – move away from traditional conflict-filled contracts

Adhocracy in the Bureaucracy – the study

- **Purpose**

- follow the development of relational contracting within the Swedish Transport Administration

- **Qualitative study**

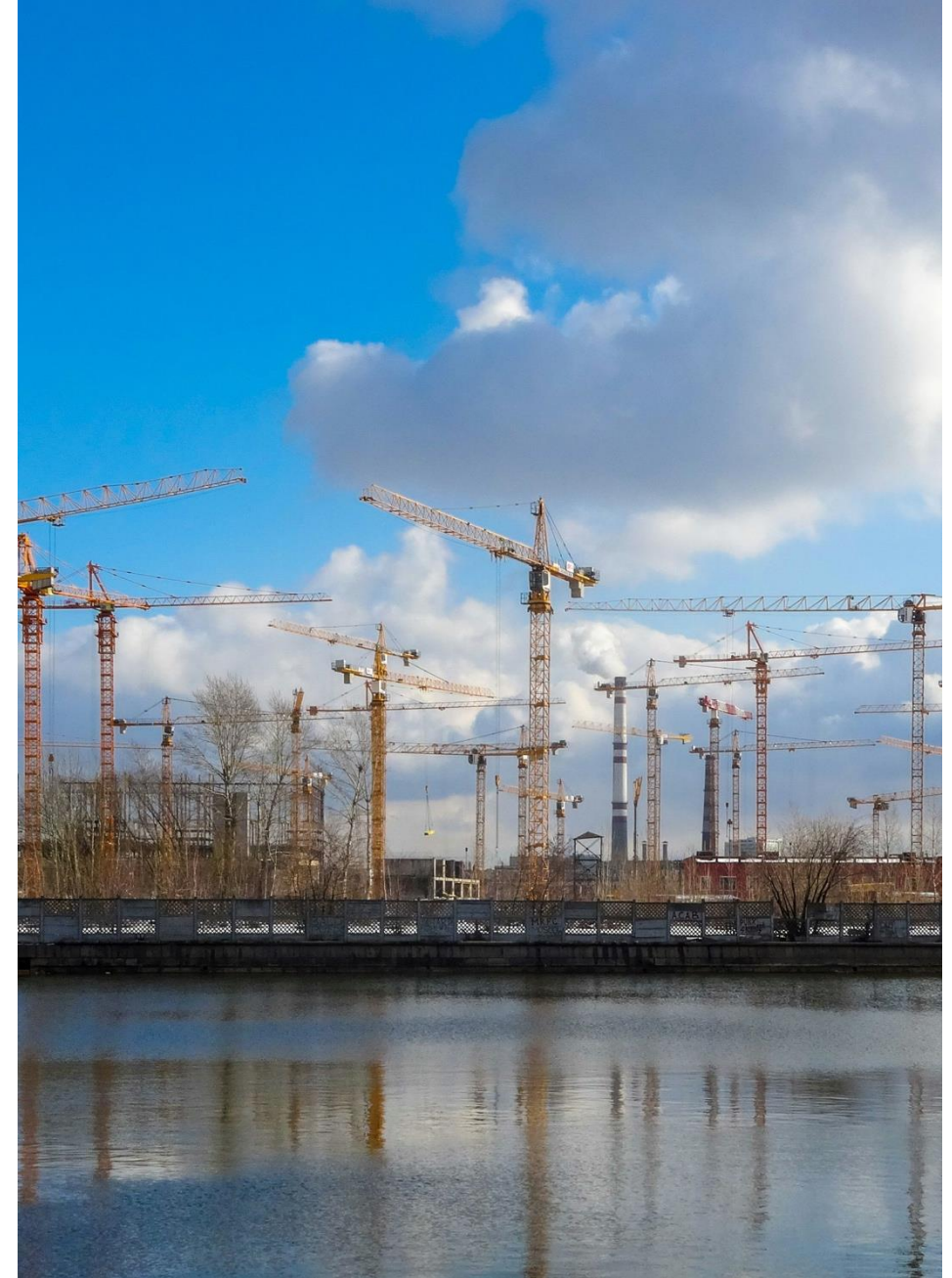
- Interviews: 70 interviews with 49 respondents over four interview rounds 2017-2023, client (project and organizational level), contractor, consultants.
- Observations (approx. 17 hours)
- Document study (> 200 pages of contracts, procurement documents, policies)

- **Timeframe**

- 2017 – 2023

- **Project team**

- Anna Kadefors (KTH), Per Erik Eriksson (LTU), Tina Karrbom G (KTH), Göran Domås (TrV)



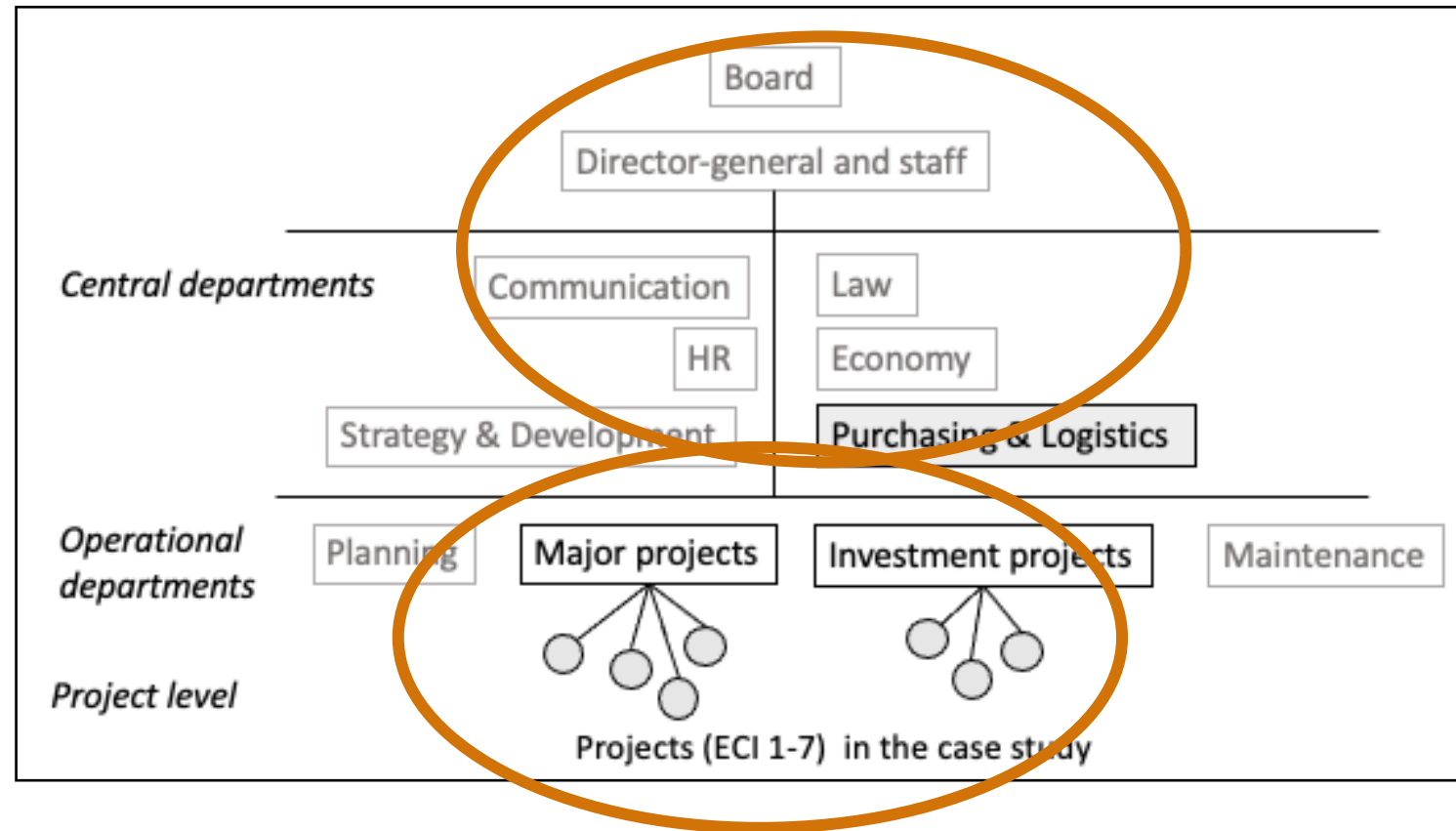
Adhocracy

- Decentralized organizational model that relies on cross-functional project teams rather than rigid bureaucratic hierarchies

Beuraucracy

- An administrative system of organization managed by non-elected officials who implement rules, laws, and procedures

Adhocracy in the Bureaucracy



The Swedish Transport administration

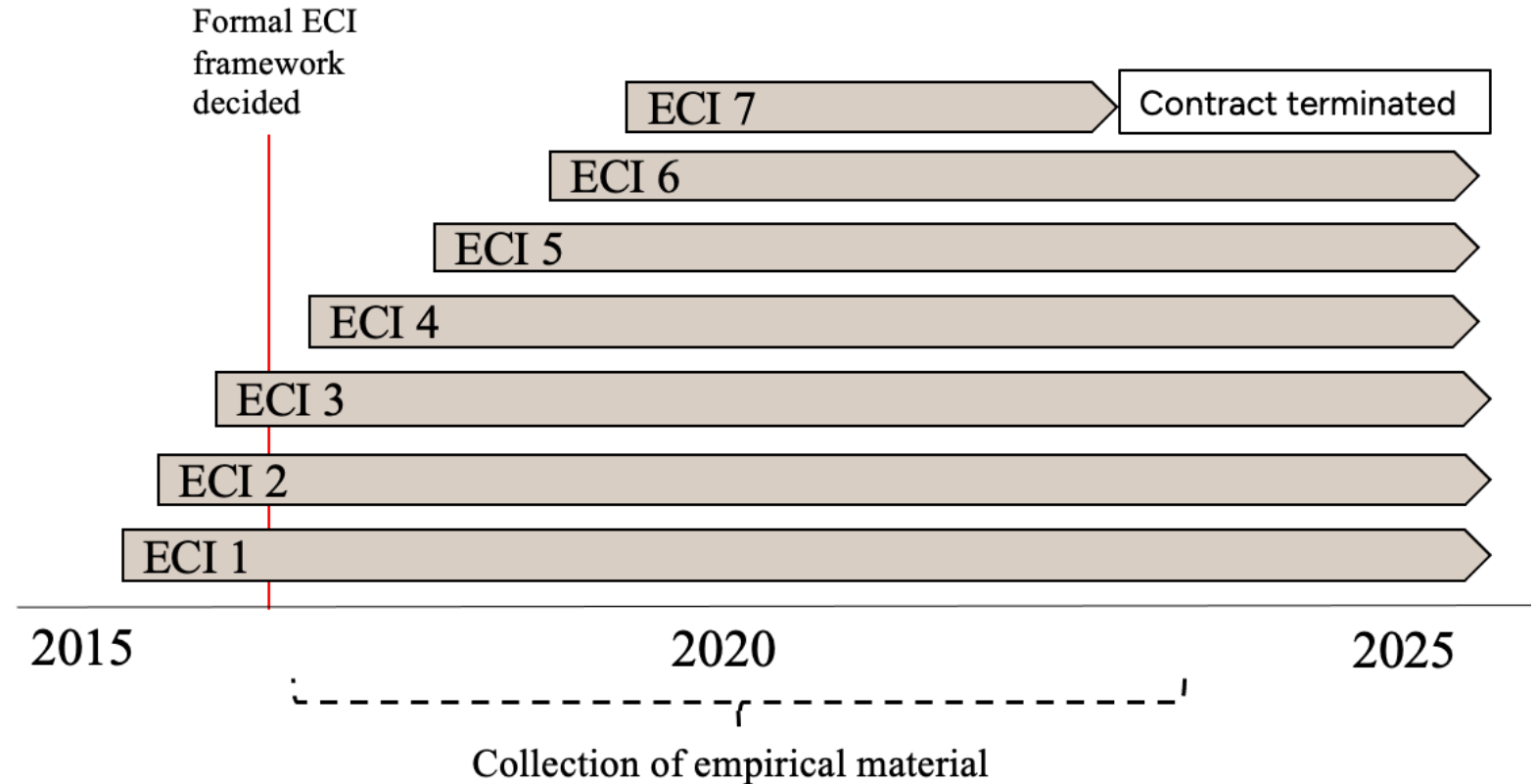
The case

ECI 6 and 3: Road construction
ECI 1,2,4,5,7: Railroad construction

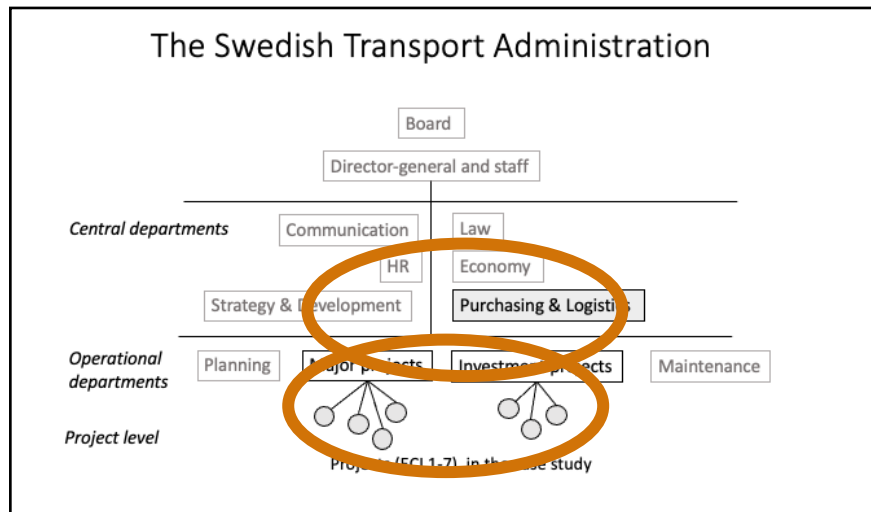
Project timeframe: 5-10 years

Budget: Approx. 20M Euros – 500M EUR

Swedish standard contracts (AB / ABT) with cost plus, generally with incentives (50/50 to 90/10 percent).



Findings



- Two parallel development processes at project level and in the permanent organization.
 - Iterative developments together with contractors at **project level**.
 - Swift changes at **central level**.

Findings – project level

- **Implementation context matters** when implementing new collaborative procurement strategy. Project manager navigated complex environment developing procurement practices
- Yet, **high project level freedom**: different interpretations of ECI-model depending on project manager. Learning project to project diversified the model . Hard to foresee how new aspects of the ECI-model would play out in practice.
- **Iterative developments** together with contractors at project level. **Joint processes and routines was key** - but **took a lot of resources**
 - Improved efficiency by joint purchasing, integrated design team.
 - Cost prediction processes, 'planning ahead' together
 - Joint introductions to new individuals coming into the project.
 - Co-location facilitated decision making (when applied properly).

We really wanted to be assigned one of the ECI contracts, we saw it as a thing to 'get in on'.

As I see it, it is far too early to evaluate the effects of ECI. We will only be able to see that in a few years, when the project is completed.

Here you had the possibility to create kind of a dream contract.

We have been able to make a better project and better design.

It has taken an enormous amount of time, both for us and for the contractor. I don't think we realized that beforehand. And perhaps that was good that we didn't realize it before [laugh] But it turned out well, and we have continuously worked on and improved things.

Findings – project level

"And all these routines for how we work together, everything from financial procedures, how we report costs and how we challenge costs, to how we call for inspections and so on. Well, we have gradually settled on these kinds of things. We have put together manuals for how this should be done, summarizing the routines we have agreed on. And we have gradually changed and improved them. So now, I would say that there isn't really that much that isn't running smoothly. But I suppose it would be pretty bad if we hadn't got these things in order by now, given that we started back in 2016."

Project manager ECI 1

Findings - central level

Pendulum movements in legitimacy for collaborative contracting

"We had a lot of problems in the infrastructure sector - so we had this initiative to use collaborative model for projects"

"When the STA was formed collaborations was not the main focus."

"There was really a new wind blowing in the STA ... I was happy we could use a collaborative procurement model"

"You hear when you talk to people that these ECI have gotten a 'bad reputation' because of the experiences in ECI 1 and 2. "

"Now they have started something called Early Supplier Involvement – same thing, different name. It's a shame that you don't gather the experience we have gained from these projects."

"ECI is good in theory but not for the STA, we don't have the conditions for it"

"They have had a lot of good experience in Finland, so we are looking more into the Alliancing concept"

2010

2015

2020

2025

High collaboration/Early Contractor Involvement

Early supplier Involvement

Alliancing

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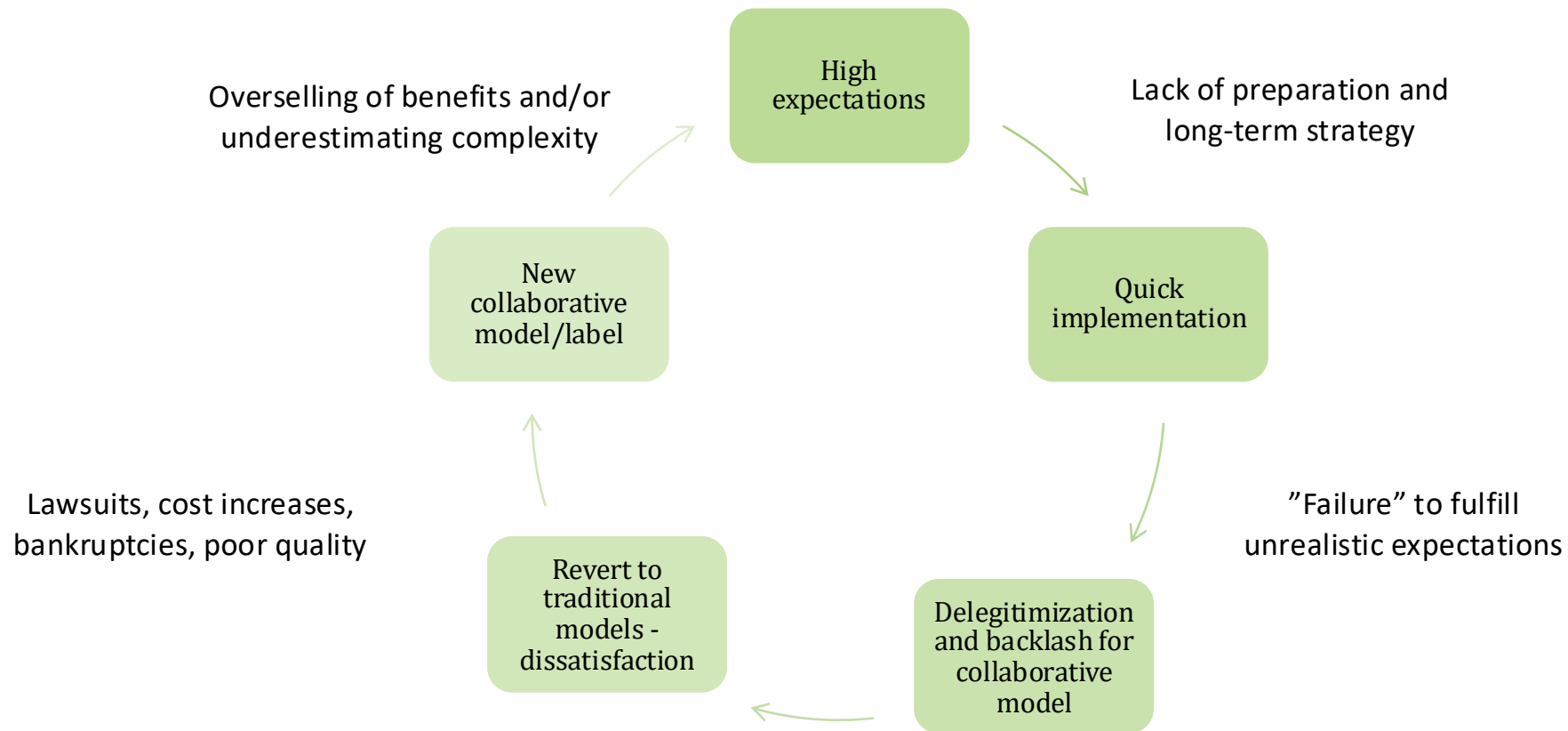
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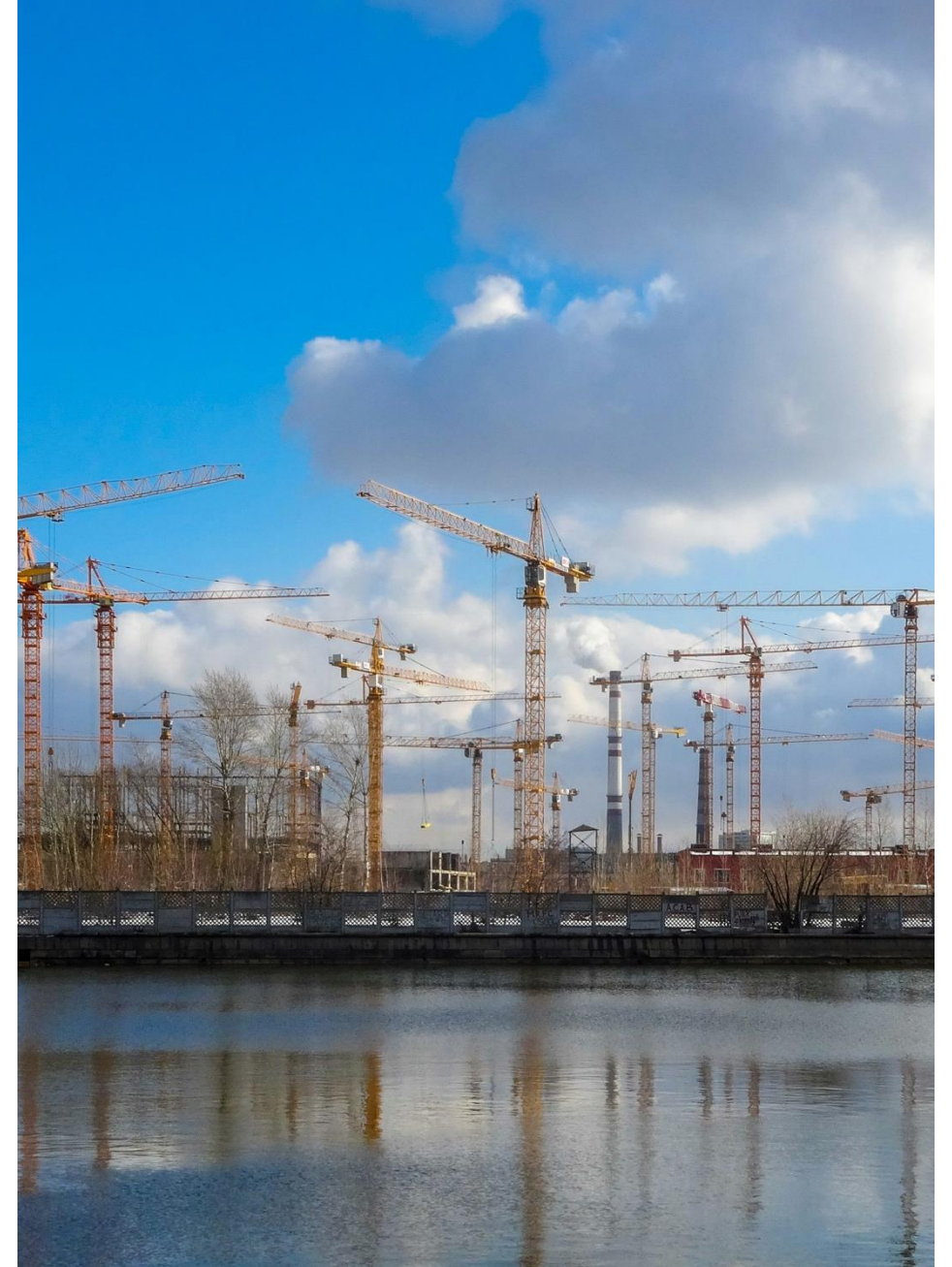
Shifting views on collaborative contracting

Findings - central level



To conclude

- Implementation of new procurement and delivery models is not a project-level issue — central-level decisions and policies strongly shape the conditions for implementation both in the short and long term.
- Project managers navigate competing demands — developing new procurement practices can create tensions with existing policies, processes and organizational priorities.
- The study shows how project-based organizations must establish legitimacy at multiple levels: the central level responds primarily to external and political legitimacy, while projects need professional legitimacy to make practices work in practice. This tension can complicate implementation.
- Long-term change requires alignment across levels — project-level experimentation needs to be supported by the central organization to enable sustained change and resources.



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