

# TRENDS AND DIRECTIONS OF CONSTRUCTION MANAGEMENT IN JAPANESE CONSTRUCTION MARKET

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Construction Management Association of Japan

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**1** Construction market & CM

**2** Earthquake disaster reconstruction & CM

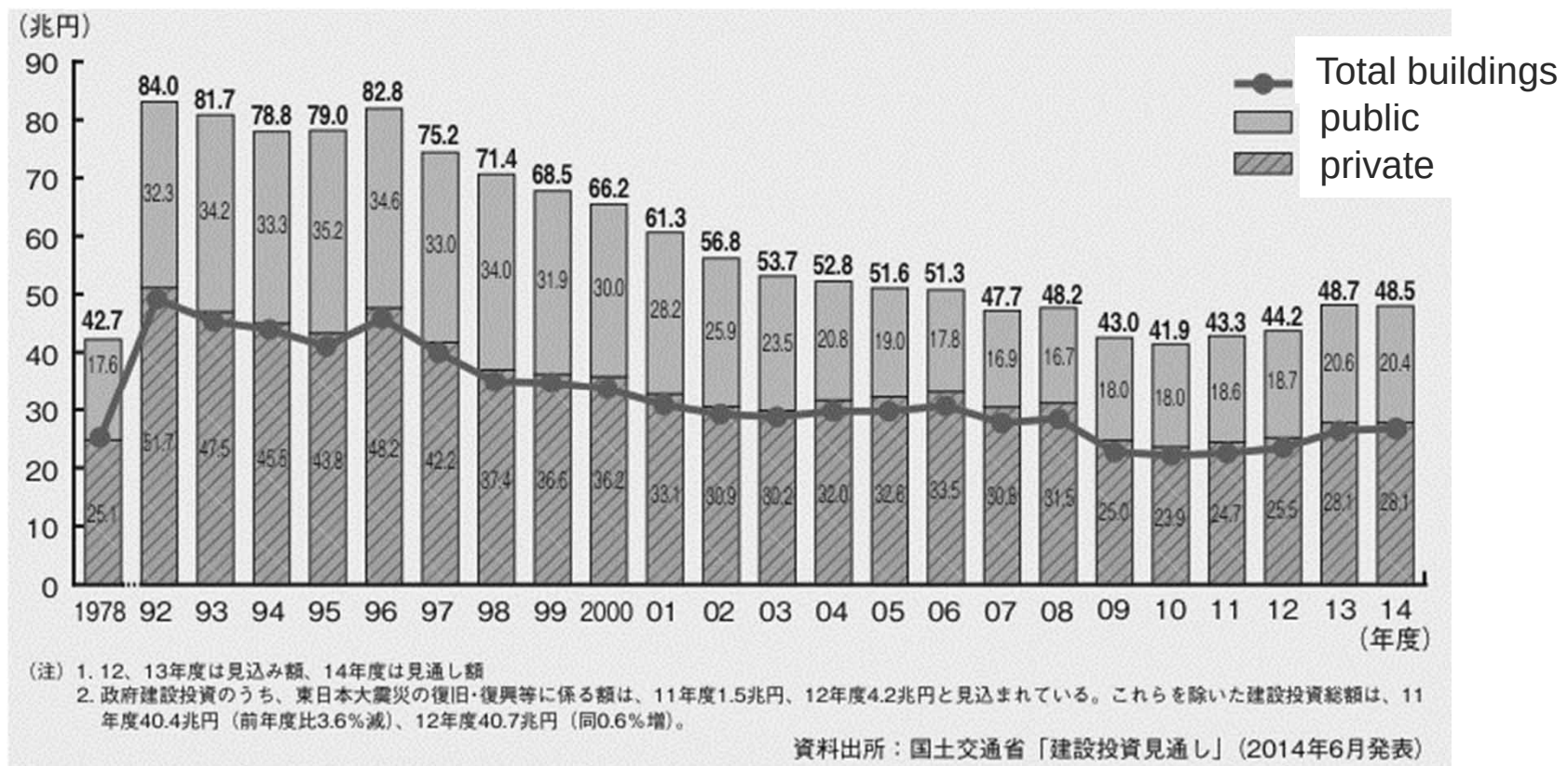
**3** Construction industry policy & CM

**4** Agendas for CMAJ

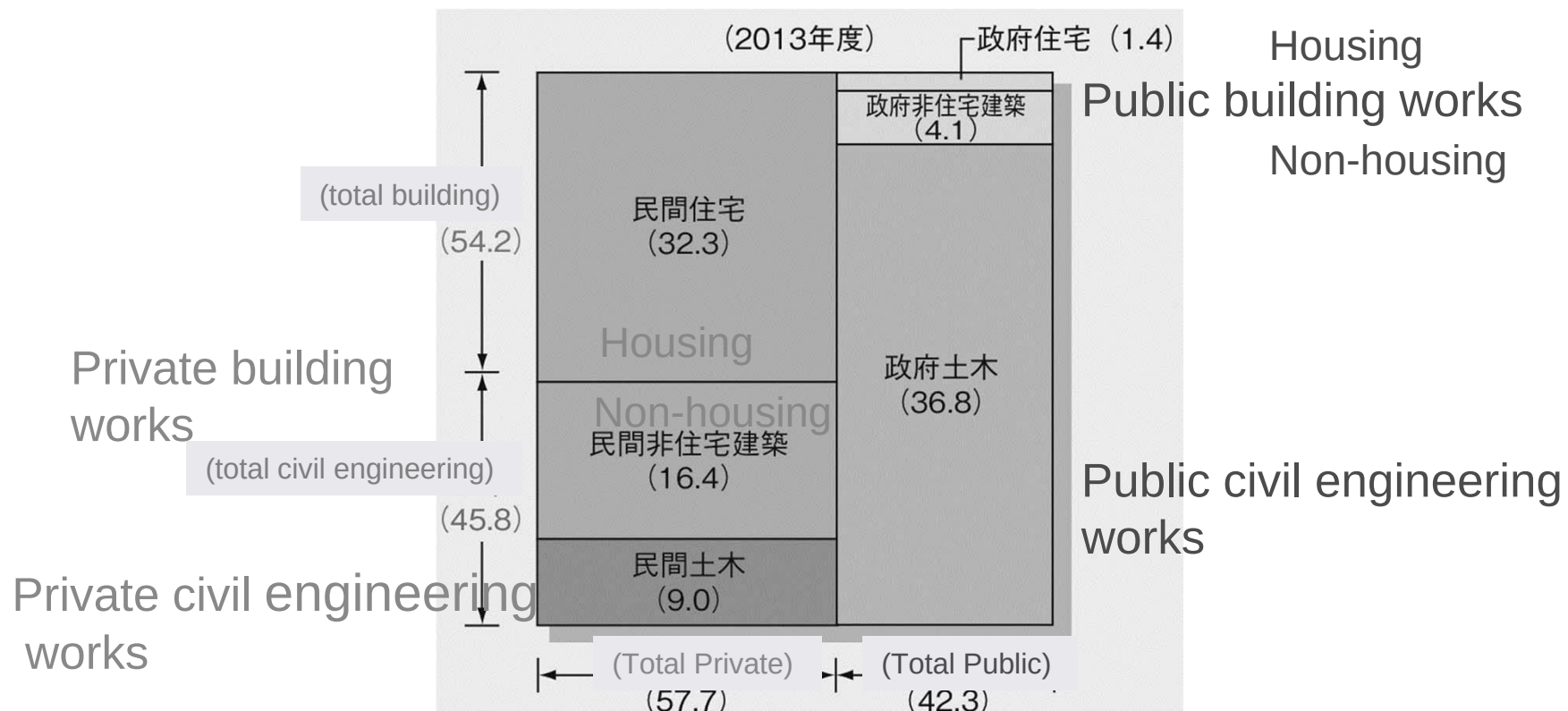
**5** Directions of CM in Japan

# 1 Japanese construction market & CM

# Transition of total construction investment (public and private)



# Investments' breakdown by segments (FY2013)



# Annual Commendation of CM Excellence since 2013

## Purpose

To provide a good track record of CM to be shared among all parties including project owners in order to let CM prevail in Japan.

## Objectives

- All construction works, where better results were achieved by taking advantage of CM's ability.

## Results at present

- 57 projects were selected as CM Excellence during 3 years since 2013.
- 1 project a year was selected as Outstanding performance award among them.

# Outstanding performance award 2013

Takeda pharmaceutical research laboratory in Kanagawa, Japan

Client : Takeda pharmaceutical Co., Ltd.

CM : Yamashita PMC



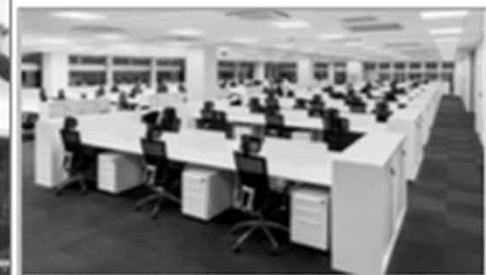
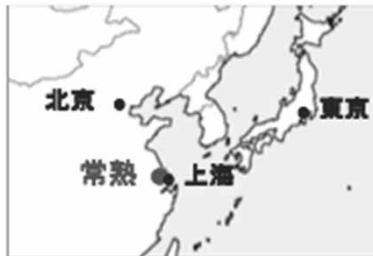


# Outstanding performance award 2014

Toyota mortar research laboratory in Jiangsu, China

Client : Toyota mortar Corporation

CM : Nikken Sekkei CM



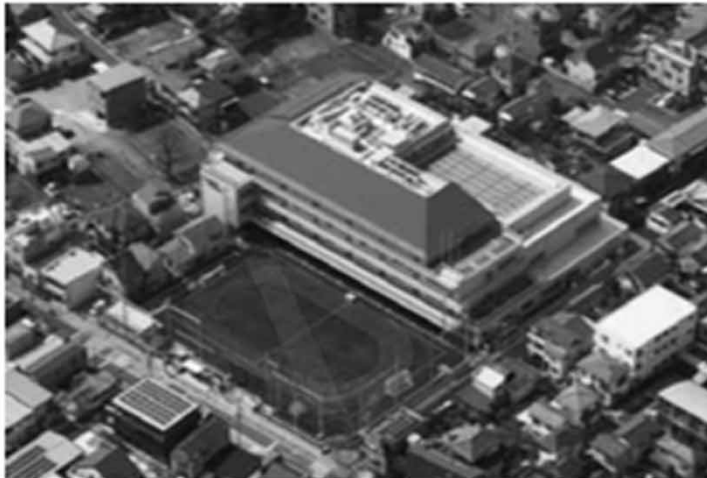


# Outstanding performance award 2015

Consecutive rebuilding of public primary schools in Tokyo, Japan

Client : Ward office of Adachi-ward, Tokyo

CM : Yamashita PMC

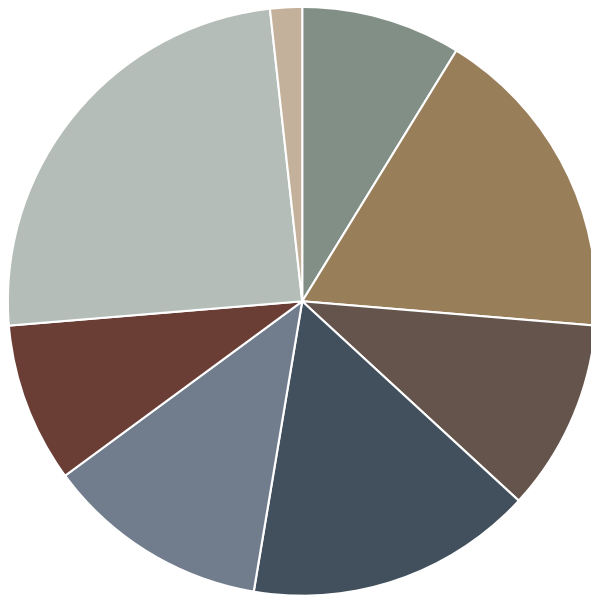


本木小学校



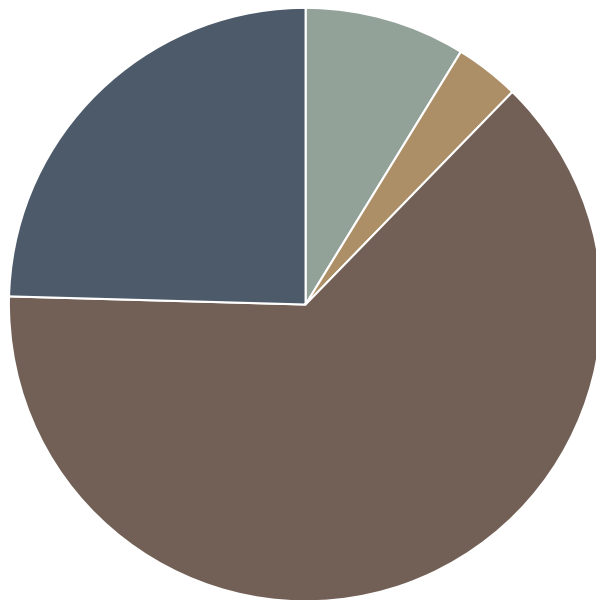
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# Categories of the 57 projects



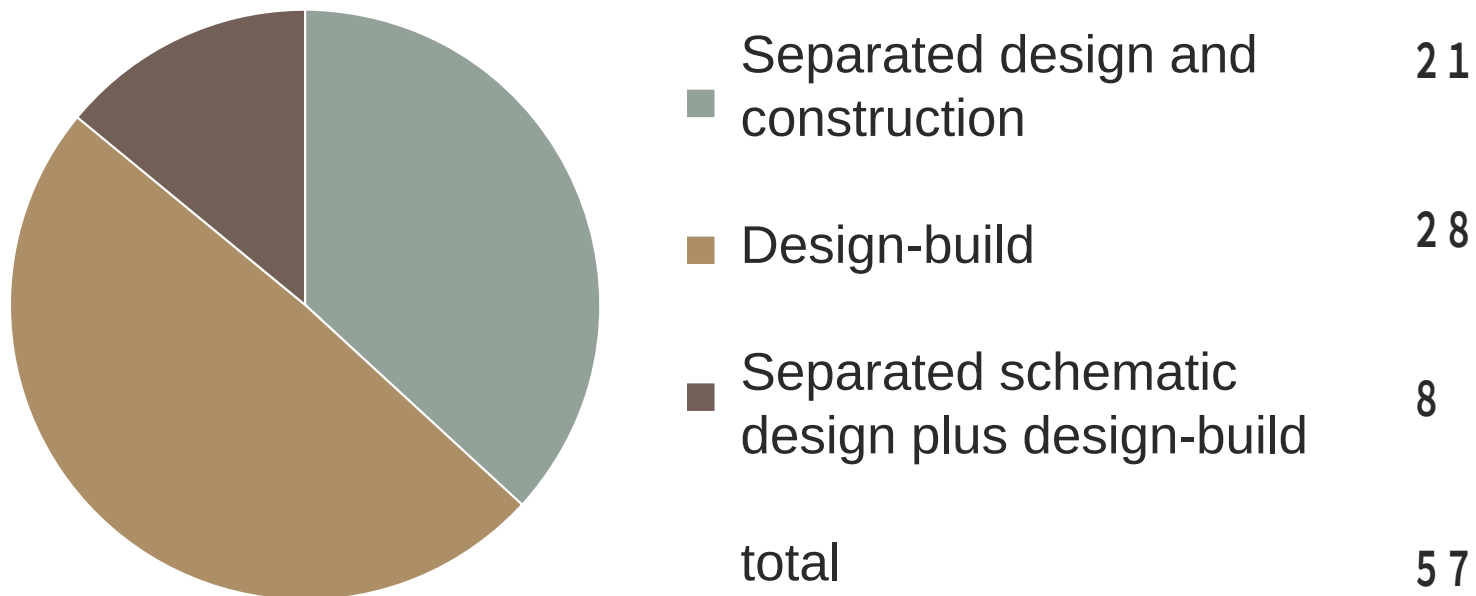
|                   |    |
|-------------------|----|
| Housing           | 5  |
| Office            | 10 |
| Commercial        | 6  |
| Industrial        | 9  |
| Educational       | 7  |
| Medical           | 5  |
| Miscellaneous     | 14 |
| Civil engineering | 1  |
| Total             | 57 |

# Owners' categories of the 57 projects

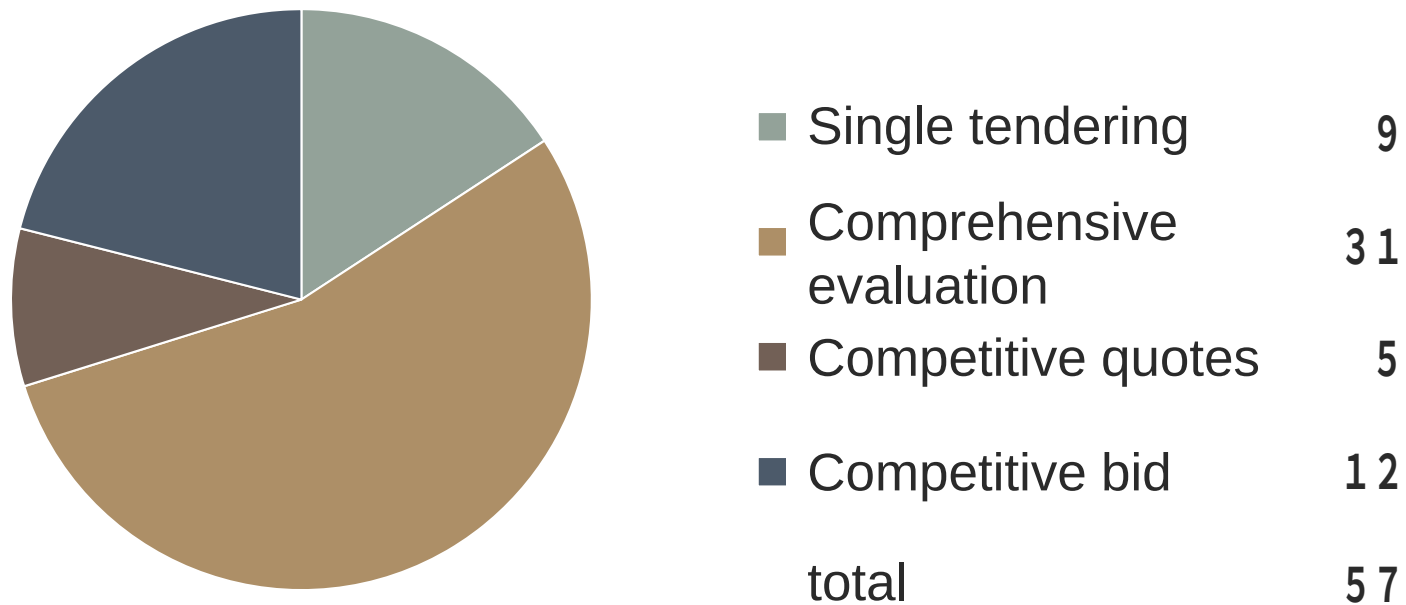


|                            |    |
|----------------------------|----|
| Public organization        | 5  |
| individual                 | 2  |
| Private company            | 36 |
| Other private organization | 14 |
| total                      | 57 |

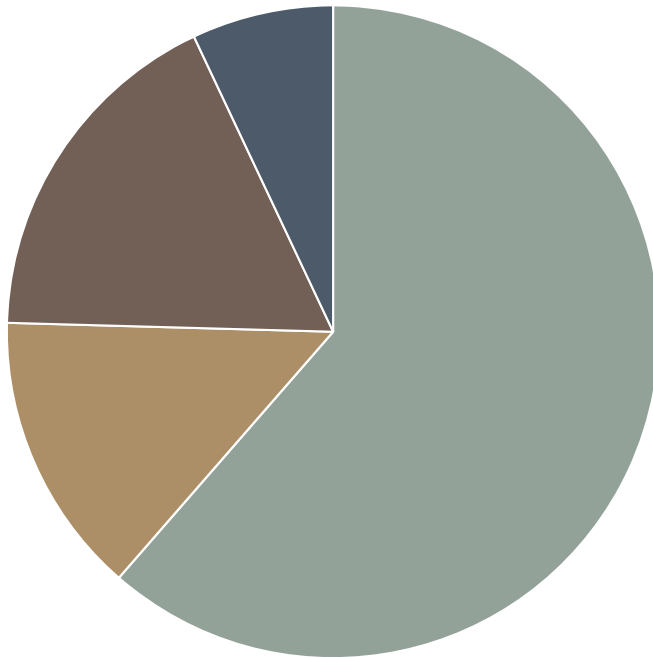
# Design frameworks of the 57 projects



# GC selection methods of the 57 project

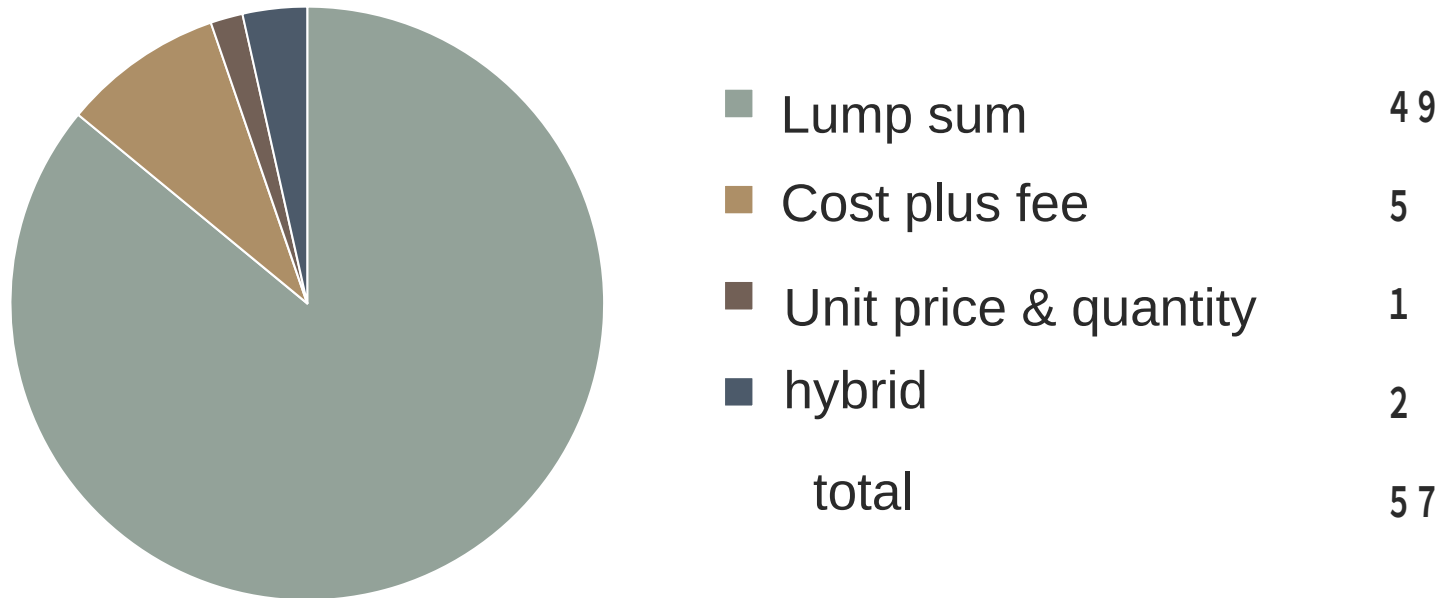


# Contract methods of the 57 projects



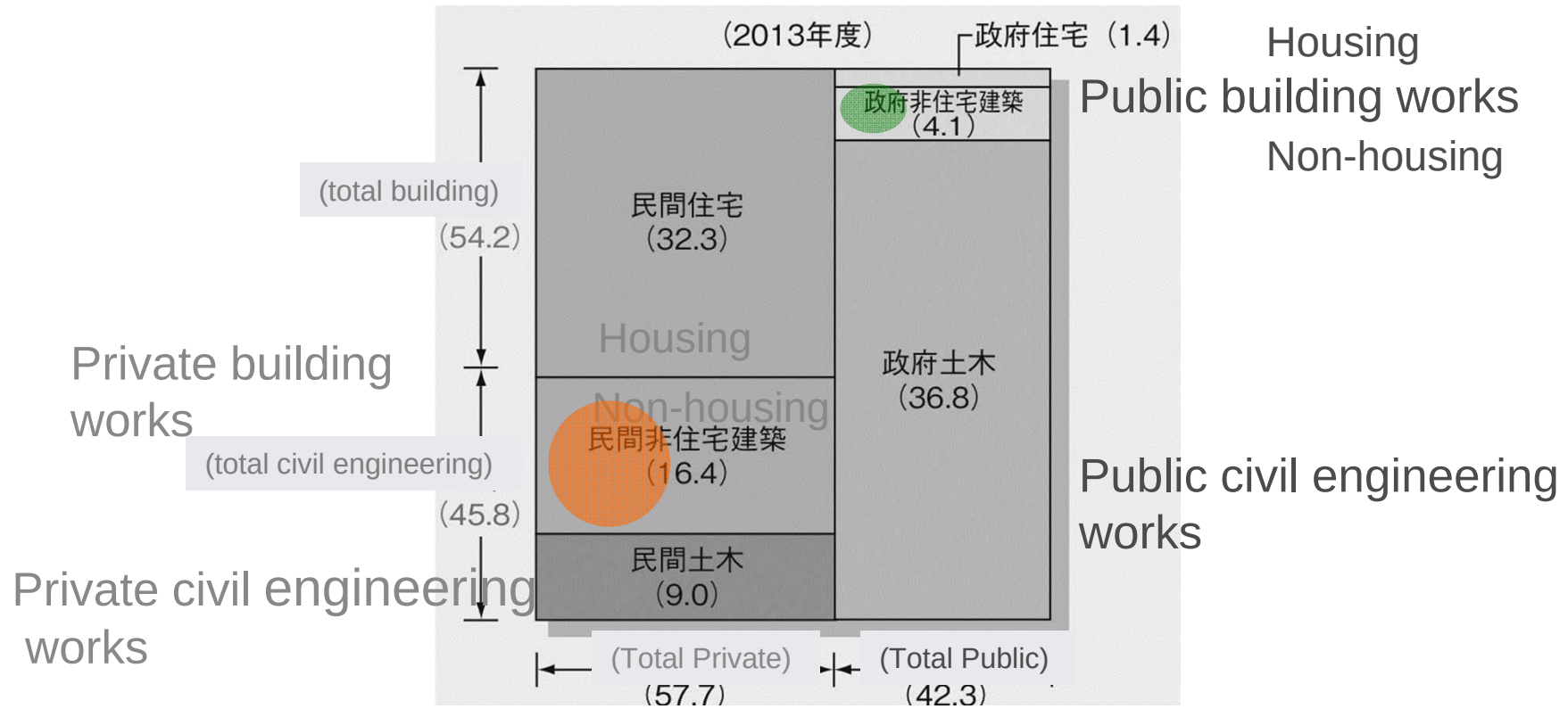
|                                 |    |
|---------------------------------|----|
| GC single package contract      | 35 |
| GC cum nominated sub-C          | 9  |
| Separate orders to specialist-C | 10 |
| hybrid                          | 4  |
| total                           | 57 |

# Payment methods of the 57 projects

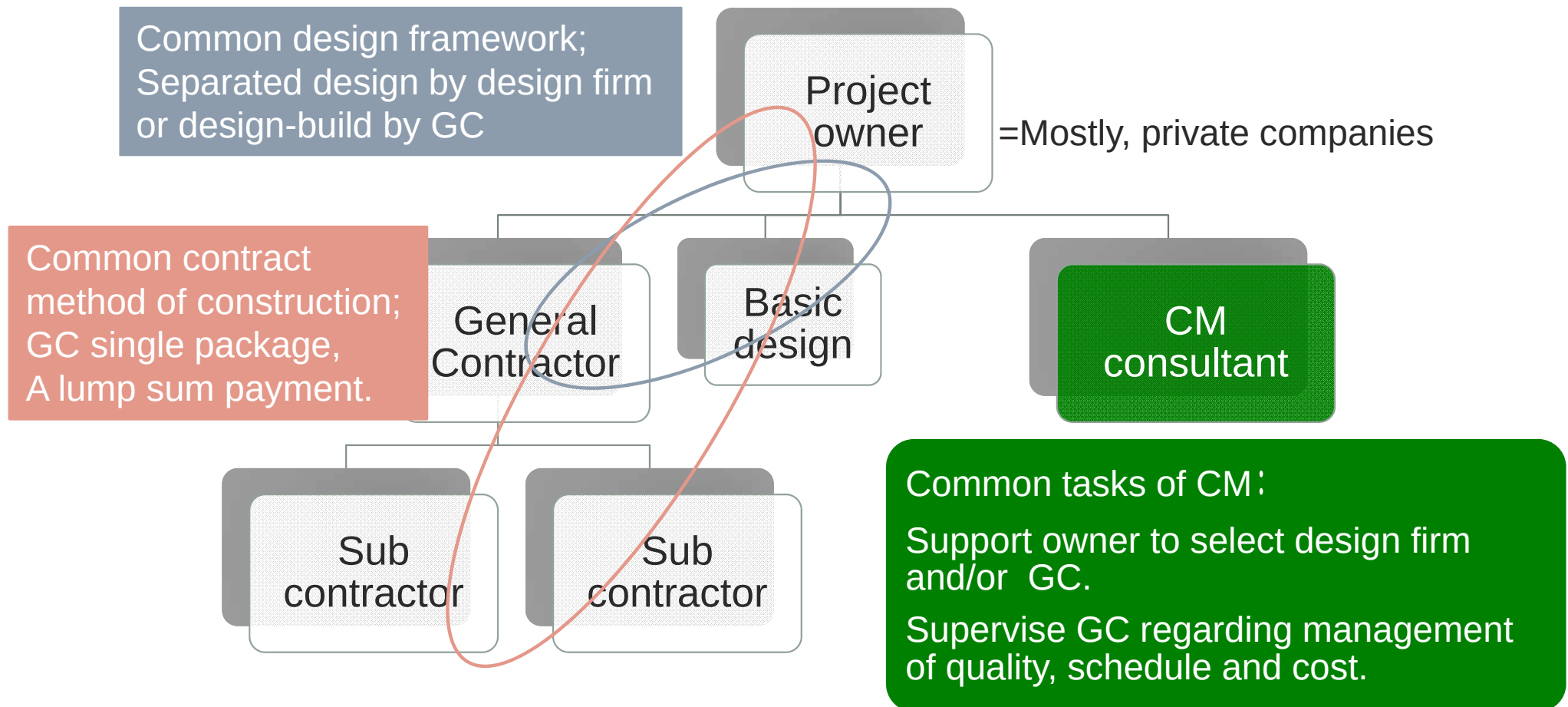




# Position of the 57 projects in the market



# Common setting for CM of the 57 projects



## 2 Earthquake disaster reconstruction & CM

# Concerns about the reconstruction

Inexperienced amount of projects for local government



More management power needed to promote projects



Legal hurdles to be crossed to outsource office procedure

Too challenging works for local construction industry

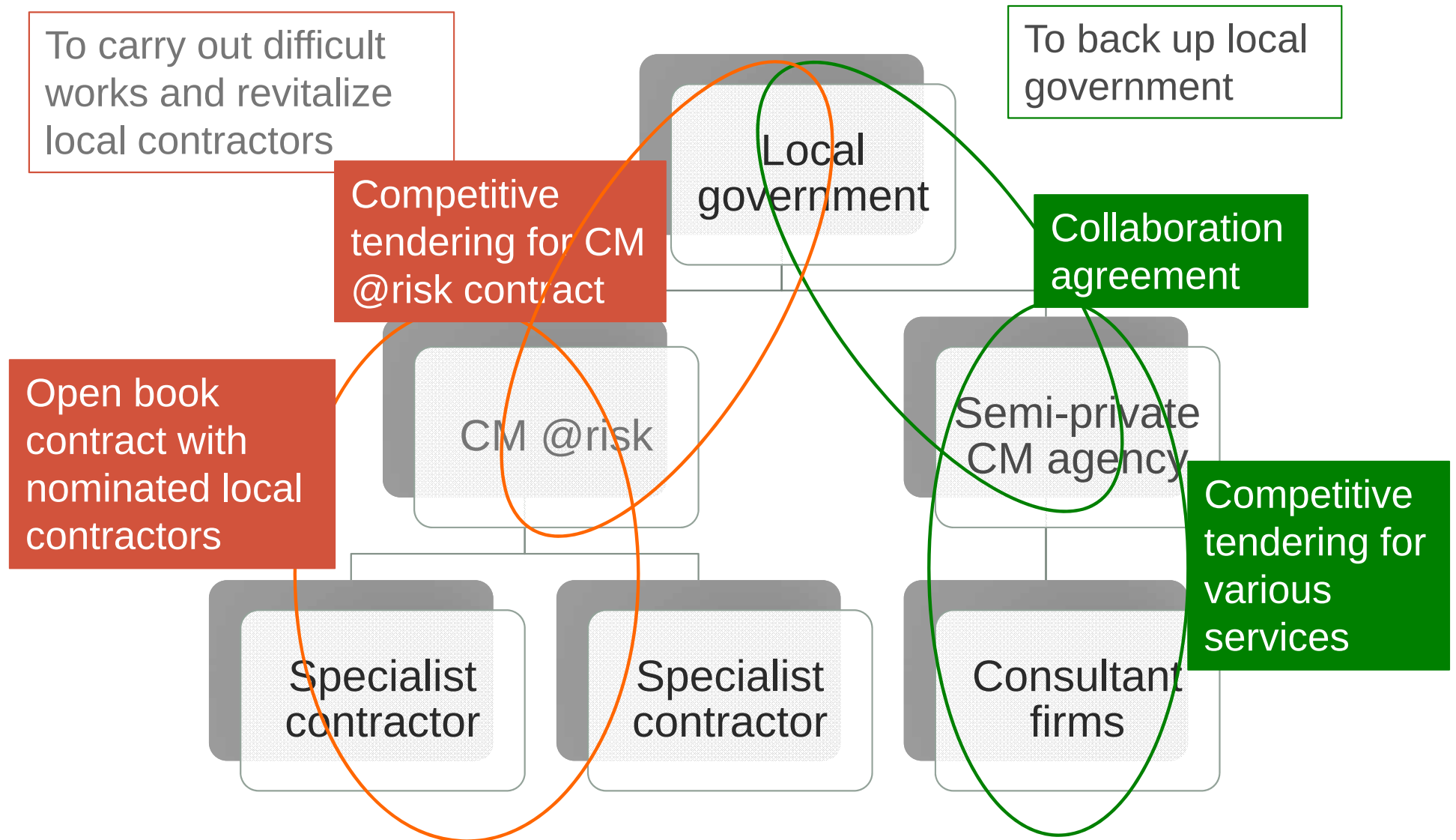


Local industries are also damaged by the disaster



Insufficient general ability and technical power

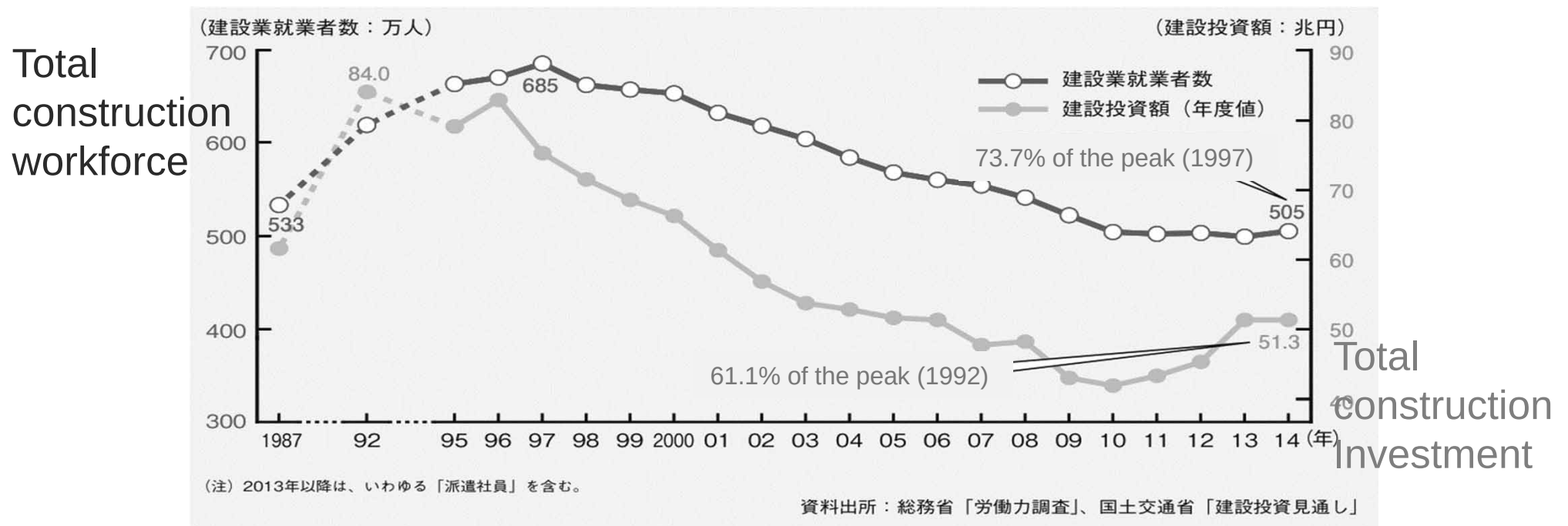
# Worked out framework for the reconstruction



### 3 Construction industry policy & CM

# Issues in the construction industry of Japan

- Endless continuation of excessive price competition through the years of construction investment decrease.
- Long-term decrease and aging of the workforce in the industry.





# Act for Promoting Quality Assurance in Public Works

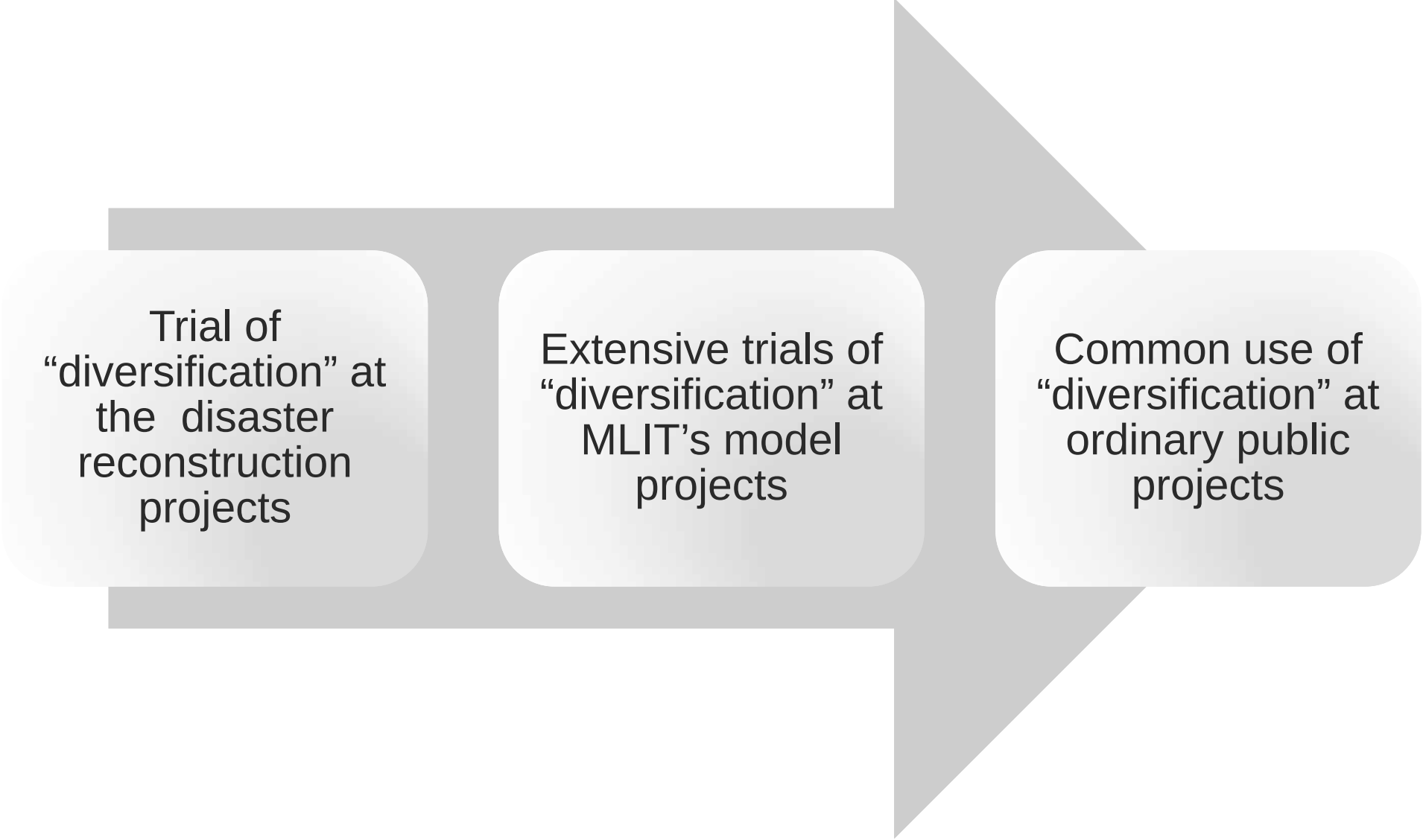
| Legislation                                                                                                                                                                                                                                                            | Partial amendment                                                                                                                                                                                                                                                 | Remarks on outsourcing                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• In 2005</li><li>• To secure the quality of public construction works and to nurture the bearers in the long range.</li><li>• <u>A comprehensive evaluation method</u> to select a winning contractor was introduced.</li></ul> | <ul style="list-style-type: none"><li>• in 2015</li><li>• To encourage local offices to select a more appropriate project delivery method as the project stands.</li><li>• <u>A variety of bid and contract method in public works</u> was illustrated.</li></ul> | <ul style="list-style-type: none"><li>• As diversification of project delivery method may increase the office procedure, MLIT suggests local governments to utilize outsourcing.</li><li>• Examples are <u>PPP and CM services</u>.</li></ul> |



# Bid & contract methods illustrated in the act

| Scope of Contract            | Bidder soliciting method | Winner selection method              | Payment method           |
|------------------------------|--------------------------|--------------------------------------|--------------------------|
| Pure construction            | General bidding          | Price competition                    | Lump sum                 |
| Design-build                 |                          |                                      |                          |
| Detailed design-build        | Selective bidding        | Comprehensive evaluation             | Lump sum with adjustment |
| Early contractor involvement |                          |                                      |                          |
| Build-operation              |                          | Negotiation after technical proposal | Cost plus fee/open book  |
| Multi-projects package       | Single tendering         | Multistage selection                 | Time and material        |
| Multi-years package          |                          |                                      |                          |

# MLIT's plan to spread “diversification”



Trial of  
“diversification” at  
the disaster  
reconstruction  
projects

Extensive trials of  
“diversification” at  
MLIT’s model  
projects

Common use of  
“diversification” at  
ordinary public  
projects

# MLIT's Model projects in 2014

| Project owner:<br>local public body | Project category                | Bid contract<br>method to be<br>applied | CM Consultant<br>sent by MLIT |
|-------------------------------------|---------------------------------|-----------------------------------------|-------------------------------|
| Daisen city<br>Akita pref.          | Road<br>maintenance             | Multiple projects'<br>package contract  | Nihon-koei<br>Co., Ltd.       |
| Miyagi pref.                        | Road<br>maintenance             | Multiple projects'<br>package contract  | Nihon-koei<br>Co., Ltd.       |
| Sagamihara city<br>Kanagawa pref.   | Sewer system<br>improvement     | Design-build<br>E.C.I.                  | UR linkage<br>Co., Ltd.       |
| Shinjo city<br>Aichi pref.          | Rebuilding of<br>town hall      | E.C.I.                                  | Meiho F.W.<br>Co., Ltd.       |
| Osaka pref.                         | Government bldg.<br>maintenance | Multiple projects'<br>package contract  | Kenchiku-hozen<br>Center Inc. |

# MLIT's Model projects in 2015

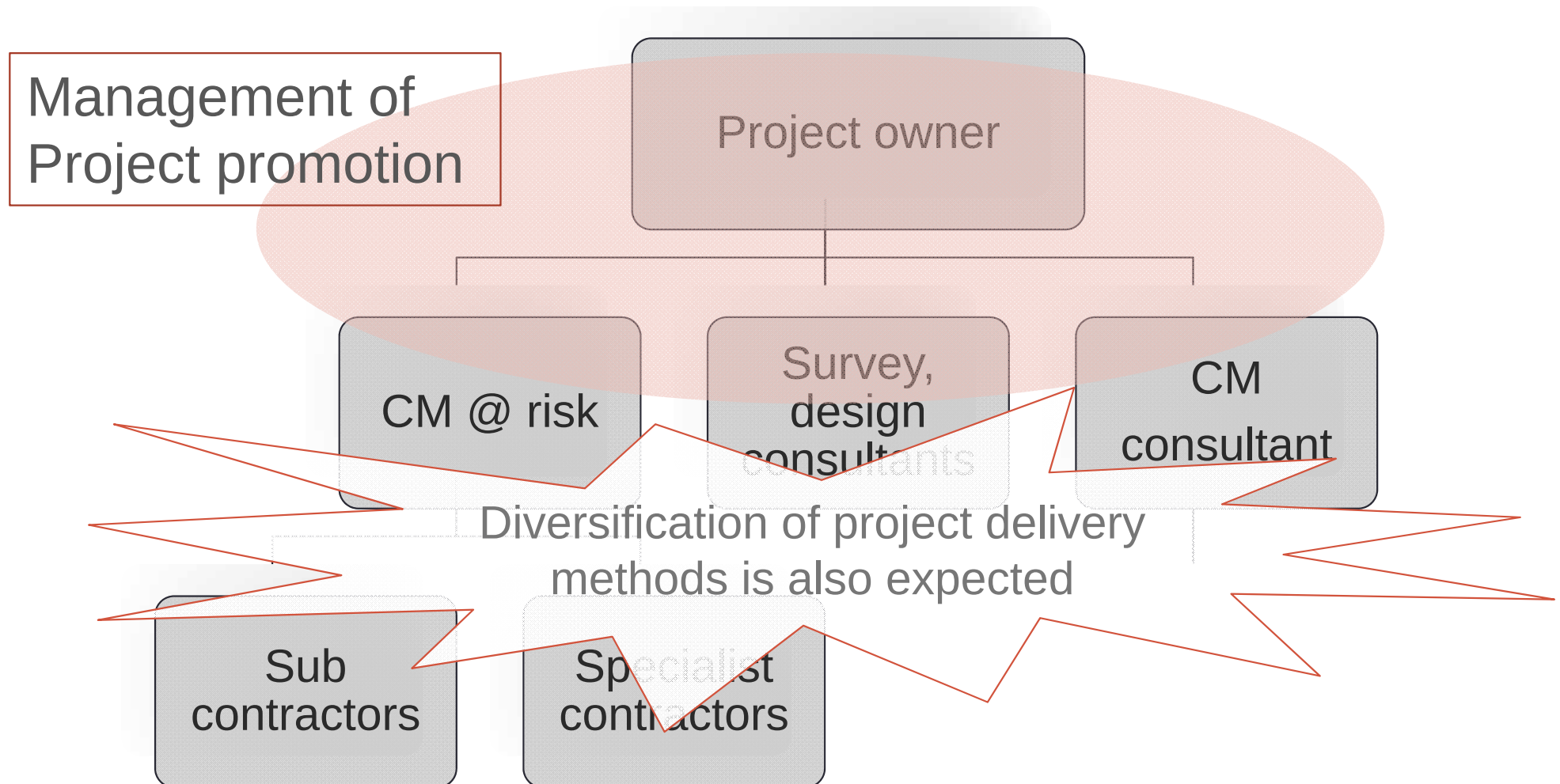
| Project owner:<br>local public body | Project category                 | Bid contract<br>method to be<br>applied | CM Consultant<br>sent by MLIT |
|-------------------------------------|----------------------------------|-----------------------------------------|-------------------------------|
| Mito city<br>Ibaragi pref.          | Rebuilding of<br>public gym      | E.C.I.                                  | Nikken-sekkei CM<br>Co., Ltd  |
| Yokkaichi city<br>Mie pref.         | Rebuilding of<br>public gym      | E.C.I.                                  | Nikken-sekkei CM<br>Co., Ltd  |
| Fuchu city<br>Tokyo pref.           | Rebuilding of<br>town hall       | E.C.I.<br>CM consultant                 | Meiho F.W.<br>Co., Ltd.       |
| Kiyose city<br>Tokyo pref.          | Rebuilding of<br>town hall       | E.C.I.<br>CM consultant                 | Meiho F.W.<br>Co., Ltd.       |
| Shimada city<br>Shizuoka pref.      | Rebuilding of<br>public hospital | E.C.I.<br>Design-build                  | Plus PM Co., Ltd.             |

# Assumed CM's roles at model projects

## Major roles of CM illustrated by MLIT

- Support a local government organizing information regarding the project itself and its background.
- Support a local government selecting the most suitable bidding/contracting method.
- Support local government processing necessary paper works in order to fulfill the selected bidding/contracting method.

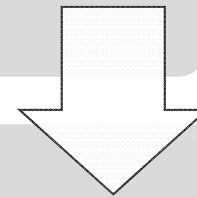
# Expected roles of CM at the model project



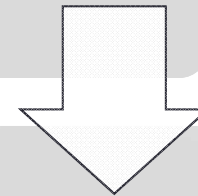
## 4 Agendas for CMAJ

# An immediate agenda for CMAJ

To provide information of arising public projects, so that CM could get opportunities for practice.



To convey the results, hopefully successful results of such projects to the public



To generate a virtuous cycle, where CM being appreciated by public & private project owners.



# Needed items to carry out the agenda

Handy information for project owners on project delivery methods

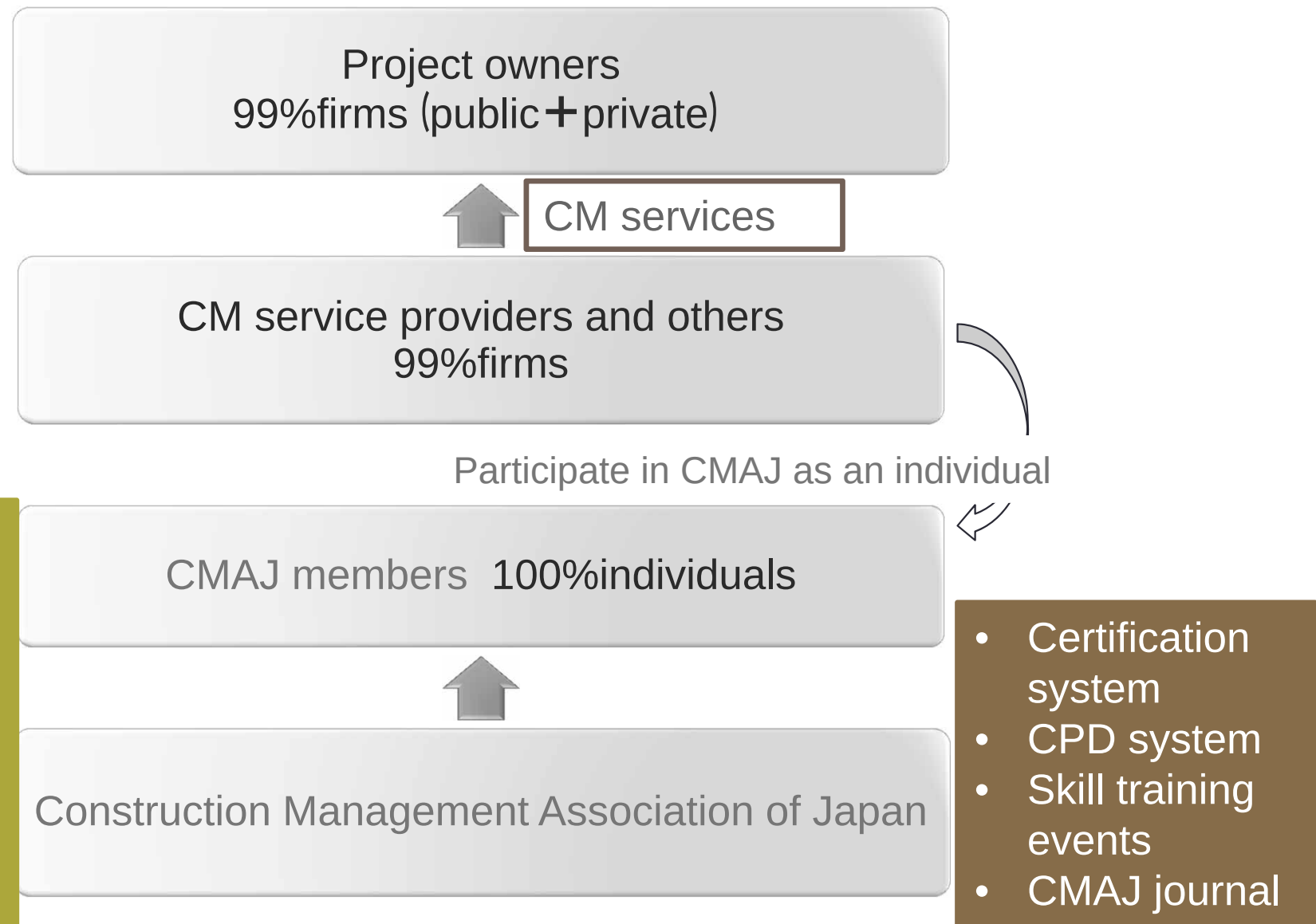


Track record of  
CM & CM firm

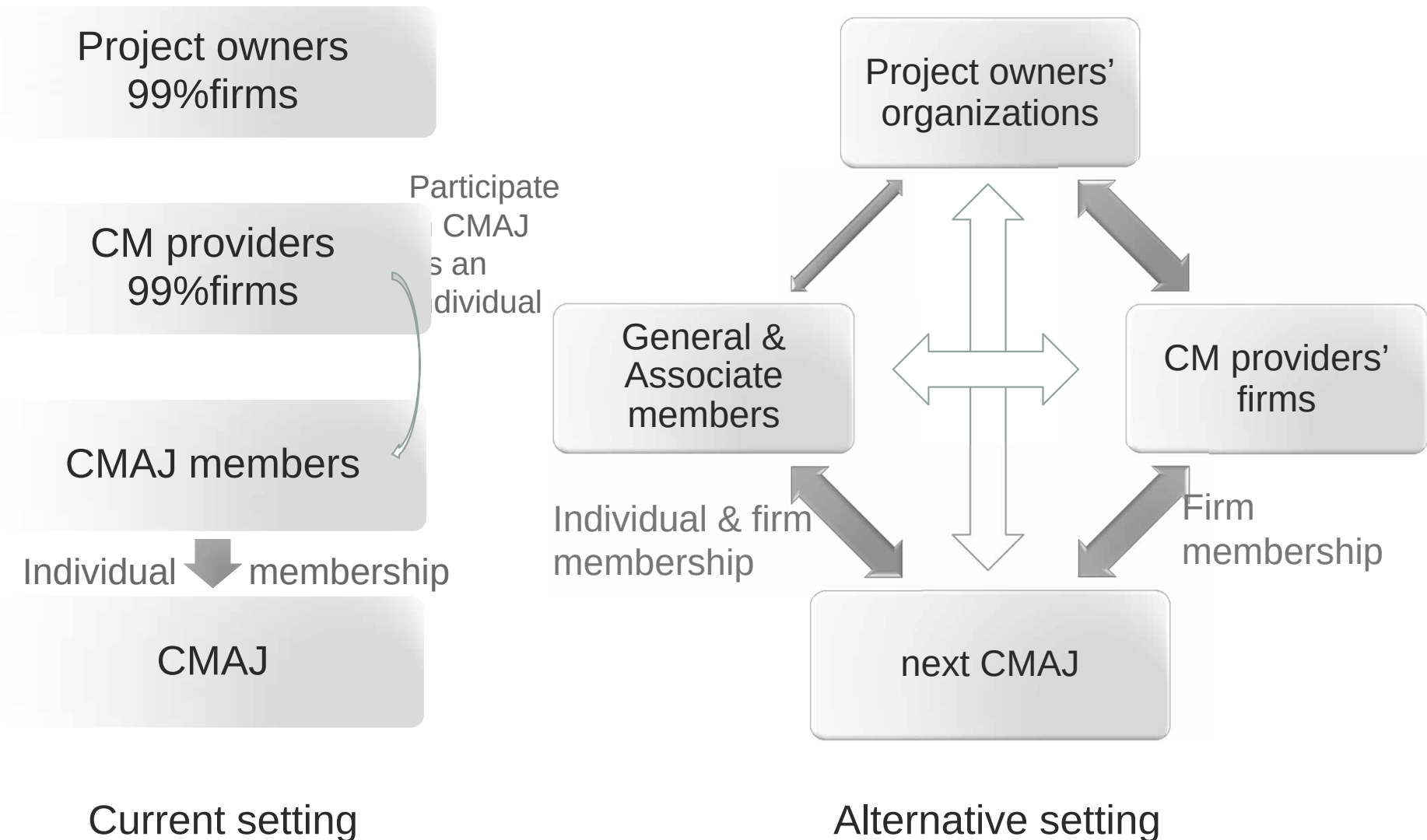


Project case  
study

# Current activities of CMAJ

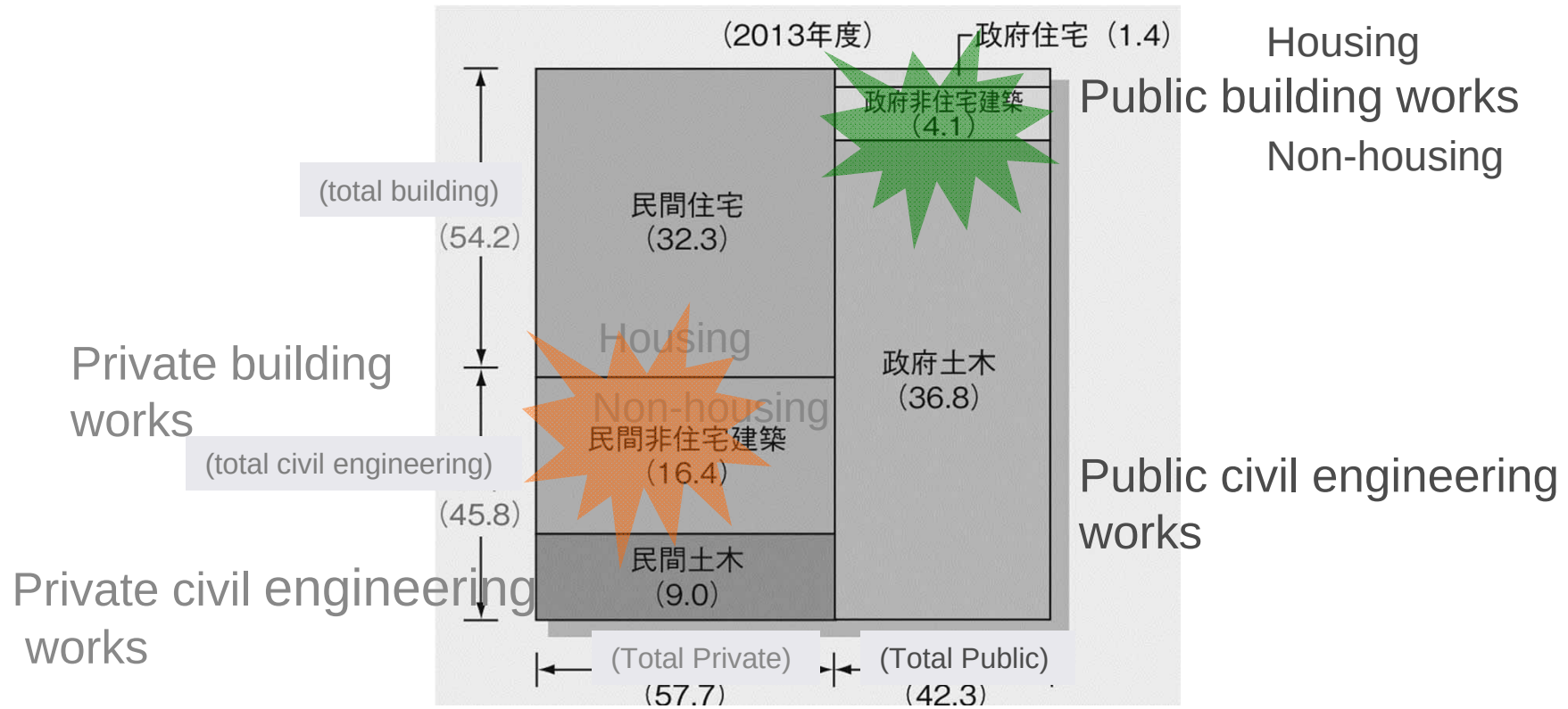


# An oncoming agenda for CMAJ

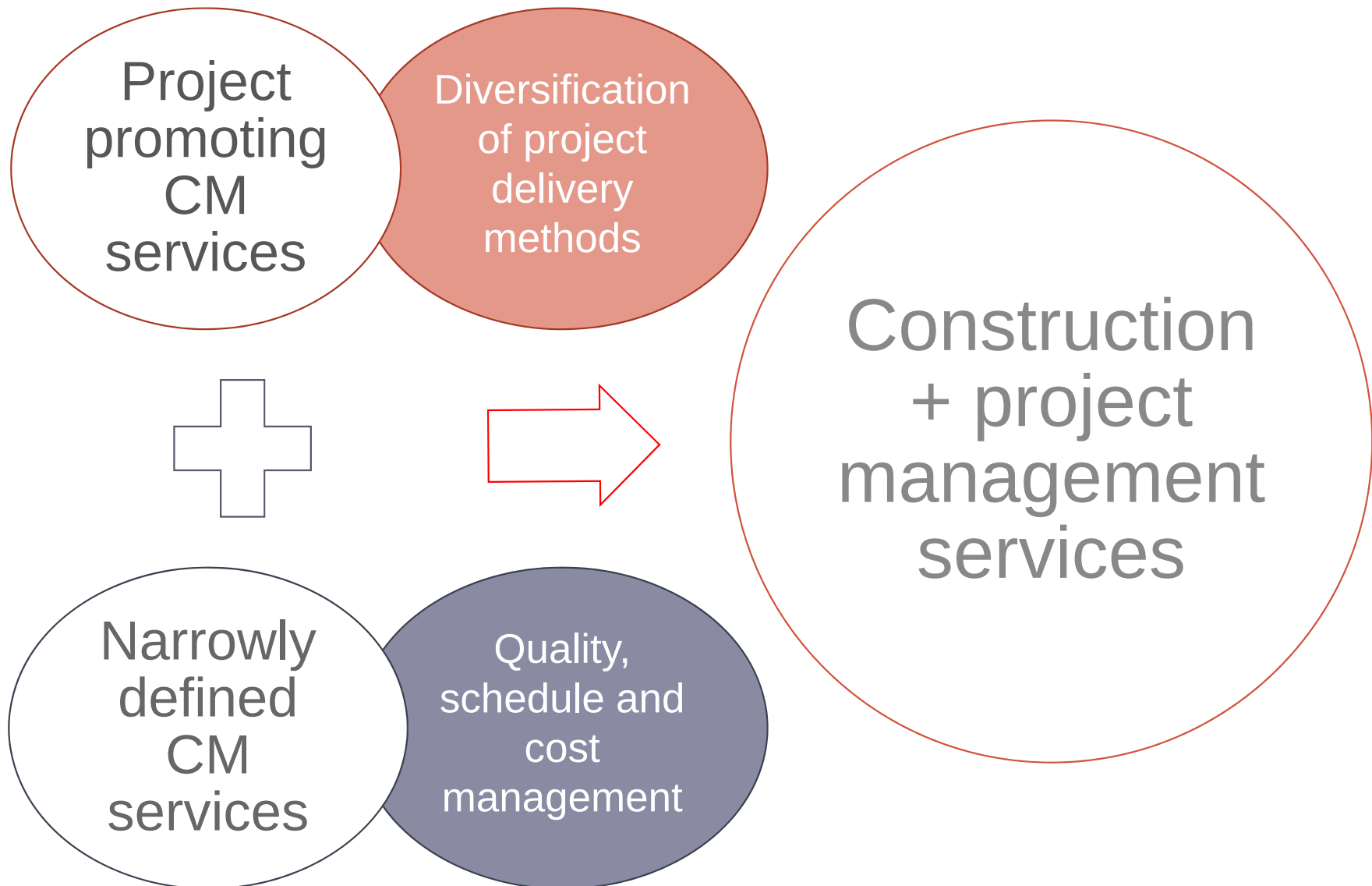


## 5 Directions of CM in Japan

# Expanding opportunities of CM



# Direction to develop CM in Japan



Thank you  
very much  
for your attention!