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THE MYTH OF BEST PRACTICE THROUGH THE LENS OF CONSTRUCTION SUPPLY CHAIN MANAGEMENT

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Much is made of the concept best practice. It is repeatedly drawn upon by policy makers, academics and industry practitioners as a quasi-solution to construction industry ills. As an expression, it is often difficult to contest. Indeed, best practice implies identifying policy, process and procedure that offer the most optimum and efficient outcome. In short, best practice is all about improving performance. However, for the majority of commercial organizations, best strategy is also about improving performance. Despite the apparently congruent ambitions, best practice is not equal to best strategy. This misapprehension only serves to propagate the myth of best practice. This is a polemic paper, exploring the utility of best practice through the lens of construction supply chain management. Drawing inspiration from economic theory, construction management literature and previous supply chain management studies, the myth of best practice in construction supply chain management is exposed. Regardless of Government sponsorship and considerable academic investment, adoption of best practice in UK construction supply chain management remains slow and routinely symbolic. Yet, supply chain members do not behave irrationally. If best practice was truly in their best strategic interests it is highly probable that supply chain members would adjust their rules of economic engagement accordingly. It may be strongly argued that in contrast to the hype and repeated suggestion of supply chain win-win scenarios, UK Government endorsed best practice does not adequately serve the commercial interests of the majority. The very limited achievements of ‘Rethinking Construction’ serves as a case in point. Disappointingly, few lessons appear to have been learned. The myth of construction supply chain management and by extension best practice in UK construction continues unabated albeit under a shiny new banner, Construction 2025.

Keywords: best practice, corporate strategy, myth, UK construction industry.

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INTRODUCTION

Given the title of the paper, clarification of the term 'myth' in this context may be deemed appropriate. Although 'myth' is frequently used to simply depict a falsehood, the definition adopted in this paper draws upon myth as an idea or widely held belief that has become inextricably linked with an institution [Pearsall, 2002]. In this case, the myth is ‘best practice’ and the ‘institution’ is the workplace. There are a plethora of myths in the workplace, including team working [Tennant et al., 2011], globalization, social class [Bradley et al., 2000] and arguably best practice. Myths typically reside beyond the critical gaze. They are very persuasive and subsequently extremely popular, to such an extent that Governments, academia and professionals intuitively draw upon them to inform, shape and provide legitimacy for a wide range of policy decision-making [Bradley et al., 2000].

The UK Government has a history of meddling in the machinations of the construction industry (see Murray and Langford, 2003, Adamson and Pollington, 2006). Political intervention is not unwarranted: construction is a significant contributor to the national economic and social climate. Recent figures indicate industry turnover is in the region of £90 billion (down approximately 20% on 2008 figures), gross domestic product (GDP) is 6.7% and direct employment figures equate to approximately ten percent of the UK working population (2 million employees) [BIS, 2013a, BIS, 2008]. Given these statistics, the UK construction industry is frequently drawn upon by Government as a reliable indicator of national socio-economic well-being.

In short, construction matters. For the UK Government, interest in construction is arguably twofold. First, the performance of the construction industry has both direct and indirect consequences for current and future Government fiscal policy, regardless of political persuasion. It is widely conceded that a buoyant construction sector provides a sound economic foundation and instils the commercial confidence necessary for a positive trade and industry outlook. Conversely, a construction industry in recession undermines and erodes consumer confidence and subsequently weakens prospects for a sustained socio-economic recovery.

Second, not only is Government a political guardian of construction industry interests, it is also a major consumer of construction services and goods. As the largest construction client, the 'buyer' objective of 'best value' and securing the 'most economically advantageous tender' arguably governs the negotiation process. The promise of best practice generates optimism for achieving best value. In theory, any reduction in project waste via efficient and effective practices will culminate in 'project' cost savings. These cost savings can be passed to the construction client via increasingly competitive tender prices. Despite repeated political meddling, the construction industry remains largely impervious to structural and cultural change.

Numerous reports, championed by various Governments have repeated challenged the construction industry to 'change its ways' and improve both industry performance and reputation [Latham, 1994, Egan, 1998, Wolstenholme, 2009, BIS, 2013a]. The past two decades has borne witness to a concerted effort to 'correct' what the UK Government and by extension construction clients regard as endemic industry inefficiencies and substandard performance. In response to repeated criticism and self-examination, the UK construction industry sought to ‘creatively borrow’ management theory and best practice from other industries, most notably the automotive [Egan, 1998], retail and manufacturing sectors [Briscoe and Dainty, 2005]. Industry examples
of ‘borrowed’ best practice include, total quality management (TQM) [McCabe, 1988], lean production [Koskela, 1992], business process re-engineering [Green and May, 2003] and supply chain management [Holti et al., 2000].

It is through the lens of supply chain management that the myth of best practice can be disclosed. Over the past two decades, supply chain management in construction has been a recurrent theme of the reform agenda. However, best practice in construction supply chain management arguably remains overworked and under analysed. It is readily conceded that despite considerable effort, adoption of best practice in construction supply chain management is at best limited [BIS, 2013b, Fernie and Tennant, 2013]. Whilst conformist interpretation focuses attention on adoption [Redmond, 2003], recurrent rejection of best practice in construction supply chain management raises a number of questions. The typical response is to ask questions of the construction industry; for example ‘why is the construction industry so backward?’ [Woudhuysen and Abley, 2004]. This paper embraces an unorthodox stance and asks questions of best practice and those who endorse it.

This is a polemic paper, exploring and exposing the myth of best practice through the lens of construction supply chain management. The discussion in the paper is organized as follows. The opening section of the paper outlines the concept of best practice. The next two sections provide an explanation of supply chain management including a contextually sensitive interpretation of current practice in construction supply chain management. The discussion section reflects on the myth of best practice through the lens of construction supply chain management. Key themes include strategy, context, competition and the evidence. The paper concludes with some recommendations and direction for further research.

**BEST PRACTICE**

The term 'best practice' is not confined to construction. Best practice is applicable to a wide range of industry and non-industry disciplines. Consistent with many contemporary management terms, best practice has multiple definitions. Some define best practice simply as "the knowledge that underpins examples of excellence" [Wyness, 2010 p.3]. Others adopt a more mechanistic interpretation, defining best practice as specific methods, techniques or processes that consistently lead to a desired and/or successful outcome. Regardless of the semantics, identifying and deriving best practice ultimately requires the study of work and adopting those methods, techniques or processes that are deemed to be more successful than others.

The concept, development and diffusion of best practice programmes have been a pivotal and continuing theme in the commercial campaign for improving construction efficiencies and eliminating waste [Murray and Langford, 2003, Green, 2011]. Over the past two decades best practice initiatives in construction have included procurement, risk management, health and safety, lean construction, business process re-engineering, performance management, integrated project teams and supply chain management. The comprehensive list of ‘borrowed’ business processes is indicative of the range, scope and chronic popularity of best practice initiatives in the construction management field of study over the past two decades.

Best practice is not without its detractors [Fernie et al., 2006, Green, 2011]. Sometimes viewed as a management fashion label, best practice it may be argued is essentially a one dimensional management / operational tool. Consequently, methods, techniques and processes that are proclaimed successful elsewhere are routinely
transferred to extraneous business arenas, regardless of diversity, complexity and
discrete market conditions. According to Green (2011 p.319), this endorsement of
over-simplistic “improvement recipes” has arguably been the cause of industry
problems as opposed to the solution. Despite this ‘informed cynicism’ and
notwithstanding of the symbolic or substantive contribution to construction industry
performance, the notion of best practice continues to inform and shape both
Government policy and construction stakeholder aspirations.

SUPPLY CHAIN MANAGEMENT

A universal definition of supply chain management remains elusive (Stock and Boyer,
2009). Given the lack of consensus, the term supply chain management frequently
means different things to different people (Skitmore and Smyth, 2009). Indeed, the
pluralistic nature of supply chain management creates ideal conditions for ambiguity
and ongoing ideological tension (Kraatz and Block, 2008). Notwithstanding the
potential for competitive definitions, a careful review of supply chain management
‘thinking’ over the past three decades arguably disclose three principal schools of
supply chain management thought; namely a functional school, philosophical school
and a conceptual school.

With its origins in manufacturing, the first supply chain management school of
thought focuses on traditional elements of organization, such as logistics, procurement
and production. This may be classified as the 'functional' school of supply chain
management. The function is "to leverage the supply chain to achieve the lowest
initial purchase prices while assuring supply," (Spekman et al., 1998 p.631). This
“involves the buyer undertaking proactive supplier development work, not only at the
first tier of the supply chain, but also at all the stages in the supply chain from first-tier
through to raw material supply,” (Cox et al., 2006 p.34). In response to greater
commercial complexity and growth in global trading, alternative schools of thought
emerged.

The second school of thought adopts a philosophical outlook. The pragmatism evident
in the functional school is supplanted by an all-encompassing, panoptic interpretation
of supply chain management. The traditional organizational boundaries between
management function(s) and commercial exchange become increasingly indistinct,
this shift in emphasis endorsed supply chain management a 'way of working'.
Consequently, supply chain management is not simply about logistics, procurement or
production; it is about the way the organization conducts business and engages in
supply chain management is “the systemic, strategic coordination of the traditional
business functions and the tactics across these business functions within a particular
company and across businesses within the supply chain, for the purposes of improving
the long-term performance of the individual companies and the supply chain as a
whole”.

Recent calls from the supply chain management community have arguably established
a third school of supply chain management thought; namely, a conceptual school
(Carter, 2011; Choi and Wacker, 2011). The crux of the debate is the suggestion that
supply chain management is at present devoid of robust, coherent and discrete
theoretical foundations. Proponents therefore argue that for future substantive
developments in knowledge and understanding, it will be necessary to undertake an
introspective and critical appraisal of current supply chain management theory and
practice. This includes, theory building and conceptual developments that may challenge both the 'functional' and 'philosophical' schools of thought.

CONSTRUCTION SUPPLY CHAIN MANAGEMENT

In construction, current theory and practice of supply chain management continues to attract considerable interest [O'Brien et al., 2009, Pryke, 2009, BIS, 2013b]. There are very persuasive arguments for the adoption of supply chain management. However, in construction there are also complex and diverse factors that arguably require contextually informed appraisal [Green et al., 2005, Fernie and Thorpe, 2007].

In stark contrast to the commercially refined, largely unilateral and longer-term trading relations emblematic of the manufacturing sector, the organization of construction supply chain management is both fragmented and short [Skitmore and Smyth, 2009]. In essence, there are two distinct supply chains in construction; a client-led supply chain and a contractor led supply chain (see figure 1.). Both of which coalesce around the execution of the construction project.

![Figure 1. The Structure of Construction Supply Chain Management](image)

The client-led supply chain reflects the traditional bi-lateral commercial relationship between the construction client and main construction contractor. Alternatively, a more progressive tri-lateral relationship between the construction client, specialist consultants and main construction contractor may be adopted. In the wake of the Rethinking Construction report [Egan, 1998], the tri-lateral arrangement of key supply chain stakeholders grew in popularity [RICS, 2006, RICS, 2010]. Regardless of membership or configuration, all the supply chain relationships are either project or repeat project orientated [Skitmore and Smyth, 2009]. Given these project characteristics, the client-led supply chain is temporary and rarely extends upstream beyond tier one (the main construction contractor) or alternatively, downstream (the end-user).

The contractor-led supply chain largely reflects the bi-lateral commercial relationship between the main construction contractor and second tier construction service and product providers; namely, construction sub-contractors and suppliers. In essence, the contractor-led supply chain is a dyadic relationship. In contrast to the client-led supply chain, the contractor-led supply chain has an organizational focus and rarely extends upstream beyond the second tier (sub-contractor / supplier). On the rare occasion when the supply chain relationship does extend beyond the second tier, it is typically a
commercial relationship with a ‘commodities’ supplier; for example, doors, windows and/or plasterboard. Regardless of tier, commodities or provider, contractor-led supply chain membership is typically based on a number of performance criteria of which lowest price remains first among equals [Eccles, 1981][Hartmann and Caerteling, 2010].

RESEARCH STRATEGY

The research strategy is not dedicated to theory testing. On the contrary, the objective of the research is simply to adopt an alternative viewpoint, raise questions and stimulate debate. There are however a number of parameters to this paper. Given the strong links between government policy, the reform agenda and supply chain management practice, the commentary retains a distinctly UK relevance. Informing the discussion is a wide ranging literature review. This draws inspiration from a number of discrete industry and non-industry sources including economic theory, government reports, construction management literature and previous supply chain management studies. Beyond the parameter of the discussion is two key construction industry sectors; namely, housing and infrastructure (civil engineering).

DISCUSSION

Much is made of the concept 'best practice'. It is repeatedly drawn upon by policy makers, academics and industry practitioners as a quasi-solution for a range of industry ills. As an expression, it is often difficult to contest. Indeed, best practice implies identifying policy, process and procedure that offer the most optimum and efficient performance outcome. In short, best practice in construction supply chain management is all about improving performance. However exploring the utility and performance of best practice through the lens of construction supply chain management raises a number of pertinent questions.

MYTH 1: BEST PRACTICE IS BEST STRATEGY

Whilst frequently considered as synonymous, best practice and best strategy can reflect very different business agendas. Best practice and best strategy on occasion may be congruent; however it is highly dependent upon a number of discrete variables. Crucially, interpretation of best practice is perspective dependent and this would include the individual and unique standpoint of each supply chain member. As Cox noted, “the relationship between buyers and suppliers are essentially contested because of the non-commensurability of their objective interests…what may be desirable for one party in any exchange may not be equally desirable for another” [Cox et al., 2006 p.31]. This 'contested terrain' endorses contradictory agendas based upon the commercial interests of both the buyer and supplier.

For example, best practice from the client perspective (buyer) will in all likelihood equate to best strategy. This is simply because the commercial and wider business goals of best practice and best strategy are congruent. Embracing best practice is expected to improved quality, better time management, a reduction in waste and most crucially lower the financial cost. Client endorsement of best practice however frequently fails to consider the supplier viewpoint in exchange economics. Accordingly, best practice initiatives proposed by the client body (i.e the buyer) are unlikely to be commensurate with a contractor perspective (supplier). On the contrary, implementation of best practice may challenge key business objectives such as commercial leverage, relational power and trading margins.
Supply chain best strategy is unbound by the optimistic notions of best practice. It is readily conceded that concepts of best practice may inform strategic direction, however if best practice is perceived to compromise best strategy, then best practice will be largely overlooked or simply paid lip service. Supply chain members do not behave irrationally. If best practice was truly in their best strategic interests it is highly probable that supply chain members would adjust their rules of economic engagement accordingly. It may be strongly argued that in contrast to the hype and repeated suggestion of supply chain win-win scenarios, UK Government endorsed best practice does not adequately serve the commercial interests of the majority.

**MYTH 2: BEST PRACTICE IS TRANSFERABLE**

The issue of context is not new (Green et al., 2005, Fernie, 2005) nor is it limited to supply chain management studies. Previous research has sought to highlight the impoverished nature of comparative studies (Tennant and Fernie, 2014). The binary outcomes reveal little. In addition, many of the supply chain best practices exhibited in manufacturing industries can trace their roots to the quality and performance management tools of the Asian economies. The issue of sector comparability and cultural compatibility highlights two significant contextual barriers to the understanding and implementation of best practice.

Knowledge transfer between construction projects is also contextually sensitive. In Smyth's (2010 p.268) critical review of demonstration projects, it was observed that industry reports "tend to be descriptive of what was achieved with scant attention to how the achievements were brought about. This limits the extent and transferability of knowledge to other organizations". The lack of contextual awareness undermines both the validity and extrapolation of the experiential learning taking place.

Whilst context is frequently drawn upon as a shortcoming, business attributes for achieving competitive advantage is frequently overlooked. Advocates of supply chain management suggest that organizations engaging with best practice are likely to increase their commercial competitiveness. This approach to competitiveness is achieved by reducing project 'production' costs; these potential cost saving are passed on to the construction client. Whilst the construction client is at pains to stress that the construction contractor and by extension supply chain member selection will be based on better value, this is arguably code for lowest capital cost. This approach towards competitiveness is likely to have a notable impact on workload and turnover; however it does not necessarily address corporate margins.

In business, the over-riding goal "is to position a company and its (services and) products where the market opportunity is highest." (Nattermann, 2004 p.2). The implementation of best practice arguably achieves the opposite. By herding supply chain members to adopt a standard business model, opportunities for organizations to differentiate themselves from competitors diminish. As a result, organizations remain sceptical about implementing best practice as a competitive strategy (Cox et al., 2006). A competitive and dynamic supply chain management strategy as opposed to 'static' best practice creates organizational scope to differentiate services and goods within the marketplace. In short, seeking profit maximisation remains central to the strategic decision making process.

**MYTH 3: BEST PRACTICE HAS BEEN DEMONSTRATED**

A core concept for the introduction of construction supply chain management best practice and continuous improvement programmes in general was the organization of
demonstration projects. The idea of demonstration projects and 'learning by discovery' sounds appropriate, however the use of demonstration projects to identify and disseminate best practice is arguably flawed. Labelling a construction site as a demonstration project immediately singles it out as different. All the supply chain stakeholders will be aware of this new-found status and as a result are likely to adjust their behaviour accordingly. Commonly known as the 'Hawthorne Effect', Fernie et al (2006) noted, to what extent this well-known phenomenon was considered in the final analysis is not known.

Notwithstanding the socio-technical dynamics, learning by discovery also has acknowledged constraints. Unless supported by “explicit strategies for transferring learning” (Garvin, 1993 p.83), there remains a risk that poor scrutiny and casual analysis will actually promote supply chain inefficiencies and incompetence.

Regardless of the all arguments about, strategy, context and competitiveness, the lack of empirical evidence is arguably the most telling. The general lack of rigour in the case of demonstration projects identified by Smyth (2010), industry confidence in supply chain best practice outcomes may be reasonably disputed.

RECOMMENDATIONS AND CONCLUSION

Drawing on the empirical evidence of the demonstration projects, the reality of best practice frequently belies the rhetoric. In short, best practice explored through the lens of construction supply chain management is a myth. At the heart of the issue are the non-commensurate business objectives of economic exchange. Whilst advocates of supply chain best practice are keen to state the potential for win-win scenarios, win-lose scenarios remain far more common place. This is not a criticism. Win-lose scenarios are simply a manifestation of the orthodox model driving economic exchange relationship in construction.

Competition which is enshrined in European and UK legislation is about winners and losers. To suggest otherwise, is probably an extension of unceasing corporate gamesmanship. Given this inherent non-commensurability between client and contractor objectives, there exists an almost constant commercial tension between adoption and non-adoption of best practice construction supply chain management. Until this commercial tension is resolved in an approach that is commensurate to both client (buyer) and contractor (supplier), the myth of best practice in UK construction supply chain management will endure.

REFERENCE


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