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## **ARE WE REALLY A TEFLON COATED PROFESSION?**

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### **ABSTRACT**

This paper responds to some growing murmurs of discontent emerging from private and government sector clients in regards to the standard of services and lack of accountability amongst the quantity surveying profession.

In the presentation the author will share some observations based on his own experiences over thirty years in practice as well as some recent feedback from the marketplace in Australia, Canada, Singapore and the UK.

The paper will also explore some of the underlying drivers of the emerging situation and propose some new initiatives which the QS profession can (or must) take in order to throw off the “Teflon coated profession” label.

It concludes with a challenge to all quantity surveyors within the region and elsewhere to get involved in an agenda to raise the bar and thereby raise the profile of the profession.

### **KEYWORDS**

Cost estimating performance, accountability

### **INTRODUCTION**

For approximately two hundred years quantity surveyors (QS) have enjoyed recognition for their valued contribution to the Building & Construction industries throughout UK, Canada and many parts of Africa, Asia, Pacific and the Middle East.

This recognition was founded on technical competencies in the field of measurement and later in cost planning, cost management and contract management on behalf of clients undertaking property development or redevelopment projects.

These clients have and continue to include the project promoter (both public and private sectors), the project designer and other agents of the promoter as well as developers and contractors undertaking the works and financiers of such projects.

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For the quantity surveying profession this has meant a rewarding and relatively well remunerated career with lifelong opportunities.

In drafting this paper the author has drawn on personal experiences and observations as a practising QS spanning over thirty years in Australia and the SE Asian region, as well as the research and published thoughts of others working in the industry.

A particular source of inspiration and focus for this paper is the current Marketing & Communications Strategy being developed by the Australian Institute of Quantity Surveyors (AIQS) on behalf of its members who have in recent years emphasised their desire to see the AIQS help “raise the profile of the QS profession”.

This brings us to the current early twenty first century era and with it some external drivers of change as well as some murmurs of discontent from clients and at the same time some new threats and challenges for QS and other professionals.

### **DRIVERS OF CHANGE IN THE GLOBAL ECONOMY**

The Author makes no claim to being a qualified economist however as an interested observer offers some general observations in the context of the theme of this paper whilst drawing on various published thoughts of leading QS before him.

One of the prime drivers is Globalisation and associated economic growth. Globalisation is far from a new phenomenon! We have recently learnt about the Chinese explorers epic journeys in the fifteenth century that included visits to Asia, Africa and the Americas.

Globalisation has accelerated in the past decade and this has led to changes in investment and employment. Economic growth has followed these advances and provided opportunities for smaller nations to share in the prosperity.

The second prime driver is technological development. This includes both new and emerging building technologies as well as the technologies we use to perform our work and to communicate with each other.

In terms of building technologies the main driver in the Western economies has been reducing the impact of high labour costs and availability of skilled labour.

As far as IT goes this audience would be well aware of the advances in CAD and shared information management. For the QS we are at last seeing the realisation of CAD generated quantities and integrated estimating systems.

Another prime driver is the so-called Inter-generational factor. Many baby boomers are reaching retirement age. A challenge for our profession is to ensure that the collective body of knowledge is captured, developed by the current Generation Xers in a form which the next Generation Y and beyond will use. We know already that the next generation has a totally different view of the world and will demand better

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systems and processes and decision-making tools to perform at maximum potential. They will most likely be more risk averse and adopt safer strategies to achieve project outcomes.

As customers they will be fearsome in their demands for higher standards of performance.

A more comprehensive view of some of these factors was covered in a paper titled The Future of Quantity Surveying in the Asia Pacific Region presented by John Lowry, Immediate Past President of the AIQS at the PAQS conference in Tokyo.

## **CHANGES IN PROPERTY INVESTMENT & CONSTRUCTION PROCUREMENT**

Anyone who has worked in the Construction industry for more than a decade will be aware of the link between economic cycles and the prosperity of that industry – the financial crisis of the mid 1990s was a classic illustration.

One of the outcomes of the Global economy has been the emergence of large and powerful Institutional Investors and Property Trusts. These organisations increasingly talk the language of accountability, risk management and return on investment.

Australia and other countries in the region have also followed the UK with a trend towards adoption of more integrated forms of project procurement, the so called Public - Private Partnerships (PPP or PFI) approach. Government clients who are undertaking capital works development (or redevelopment), combine the Design & Construction roles together with long term finance (and ongoing facility management in some instances), under a single contract. This PPP approach is particularly popular for development of major infrastructure works as well as complex building works such as hospitals.

For the Architecture and Engineering professions as well as for QS this has led to adopting different roles and often reduced scope of services. On the upside it also often means that more than one firm is employed on the same project - one by the client, one by the contractor and one by the financier.

In combination these Global economic changes and Property investment and construction procurement changes are already having significant impacts on QS.

## **CHANGES IN CUSTOMER PERCEPTIONS ABOUT QS**

In February of this year the UK Guardian newspaper featured an editorial by one of its correspondents, John Crase, under the caption “Who’d be a quantity surveyor.” Crase draws a link between the well-publicised time and cost overruns at Wembley Stadium and the work of the QS involved. The underlying theme of the article is that there is a

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lack of accuracy and accountability in the work undertaken by QS. Specifically the article contends that our profession “gets it wrong in style” and goes on to assert “The way that quantity surveyors can get away with getting it so wrong is an art form in itself. But quantity surveyors come Teflon coated with the same excuse of utterly foreseeable circumstances trotted out each time”.

At a recent seminar attended by International Sports & Recreation delegates in Melbourne which coincided with the hosting of the Commonwealth Games, some visiting Singapore government departmental officials commented that they were concerned by the lack of accountability for the work undertaken by some professionals including QS in their home country.

Further at the joint ICEC/IPMA world congress in Slovenia in April 2006, one of the speakers talked about the concerns of the Canadian government and industry in relation to the accuracy and accountability of work undertaken by QS and cost engineers. The speaker had researched cost estimation methods and software tools in the context of under-estimation and cost overruns. The paper concluded with a moderately controversial proposal to improve accountability amongst estimators by rewarding accuracy. It used the formula and principles adopted by the market for pricing stock options but stopped short of the next (logical?) step in extrapolating the stock market analogy, which would be to penalise estimate inaccuracy.

The thrust of the abovementioned International market feedback was reinforced by recent market research undertaken by the AIQS which has revealed a similar theme. Whilst a majority of users of QS services in Australia value and respect their QS, the current services are seen as “relatively low value”, are not consistent in performance. These factors are in part due to a perceived shortage of skilled resources which in turn is seen as resulting from an inability to attract good young entrants to the profession.

The author considers that QS are not alone in regards to this trend and the associated criticisms. Nor based on the evidence are these sentiments confined to Australia. It seems to be human nature for all customers to expect a little more value from their suppliers and services providers over time. The expectation of greater accountability from all professionals is a part of this.

This trend is also part of a wider community focus on consumer rights and is summed up in the following quote from Fiona Stewart the founder of the consumer advocacy group, Not Good Enough.- “Customers are quite forgiving when something breaks down provided it is dealt with well”.

## **HOW SHOULD WE RESPOND AS A PROFESSION?**

The author does not subscribe to the assertion that we are a Teflon coated profession. It is true however that the QS is an easy target when things go wrong and must be

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responsive to such charges and not allow ourselves to be treated like the proverbial messenger.

The UK Guardian story generated a chorus of complaints to the AIQS National office demanding a response. The AIQS submitted a letter of rebuttal to the paper's editor in which it was pointed out that the QS profession was almost unique in the fact that the accuracy of our work can be measured in such precise terms. The AIQS also argued that the performance of our work was influenced by many external factors (and other players) most of which were outside of our control. Such factors include volatility of client brief, designer's vision, specifier's discretion, supplier's product cycles, labour force attitudes and contractor's appetite.

However in every criticism there is always an element of truth and I do commend every QS student and practitioner to carefully read the article and think about the underlying messages.

The fact that the sentiments expressed in the UK press appear to have some resonance with feedback from our profession's customers in other countries suggests that we need to listen.

The alternative is to bury our heads in the sand and do nothing. In the authors view such a response would neglect our obligations to the founders of our profession and our obligations to future generations.

Before the QS profession can expect to achieve any kind of effective profile raising there is an imperative to first raise the bar in terms of the value of our service offerings and as well as the perceived standards and accountability associated with their delivery.

If like me you agree the QS profession should change and embrace the future opportunities then the action agenda will need to include:

- Innovation through re-engineering of our services to meet current and future customer needs
- Accountability through new performance standards and
- Career promotion to attract current and future generations of young professionals

## **CONCLUSION**

Demand for QS services remains strong particularly within those countries and regions where investment in property continues to grow rapidly. At the same time the QS enjoys a reputation for high ethical standards and reliability.

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However there are some signs of discontent emerging in the minds of some of our clients as they seek service innovation and accountability from us (as with many other professions) in the context of broader economic and social changes.

The future will almost certainly be characterised by increased competition both from within and outside our profession, client demands to re-engineer our service offerings and a need to develop performance standards for our client advice. At the same time we will face competition from other professions seeking to attract the next generation of young professionals.

How we respond as a profession is up to us as individual members, firms and associations – either to resist change or to embrace the opportunities it will present.

I conclude with a challenge to all QS but particularly the younger members of our profession - If you wish to see the profile of your profession raised then you must first help to raise the bar. This means getting involved in the abovementioned change agenda that responds to the expectations of our customers.

The good news is that provided we continue to adapt and remain relevant to our customers needs then our QS services will be valued and our collective future assured!

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