



What Are the Challenges?

Is it even possible?

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Importance of Public Infrastructure

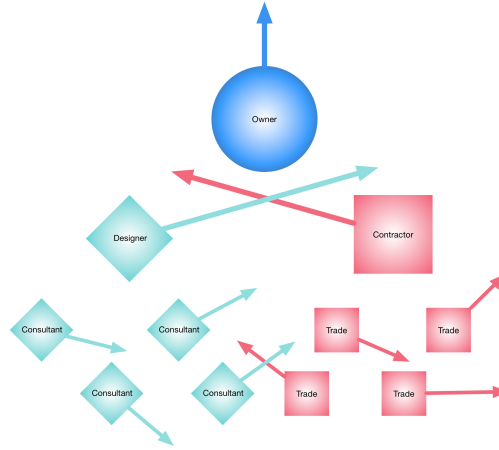


- \$10 Trillion
- 6% of Global GDP
- 38% Residential
- 32% Transport, Energy & Water
- Value Add of \$3.6 Trillion



How is Public Infrastructure the Same?

- Fragmented
- Adversarial
- Contractual
- Dis-Integrated
- Inefficient



How is Public Infrastructure Different?

- Broad Definition of Stakeholder
- Sanctity of the Public Treasury
 - Public Confidence
 - Transparency
- Fairness – Actual and Perceived
 - Equal Opportunity for Work
 - Anti-corruption



How is Public Infrastructure Different?

- Economic Development
 - Building Capability within Constituencies
 - Projects as Catalysts (sustainability, technology, etc.)
- Social Goals
 - Addressing Societal Failings/Inequities
 - Worker Protection
- Constantly Changing Supply Chain
 - Transactional



Additional Public Challenges

- Unstable Leadership (changes in government)
- Lack of Champions
 - No personal benefit in success
 - Personal risk if failure
 - Benefits driven compensation favors longevity over effectiveness
- Personal Success Measured on Adherence to Process
 - Easier than taking responsibility for outcome
- Urban Myth of the Lowest Responsible Bid



Public Procurement—Integration

- Lean Needs True Integration
 - Early involvement
 - Optimize the Whole
 - Fluidity Within Project
- Early Integration of Key Parties Means:
 - No design then bid
 - Can't select solely on price
- Procurement Systems Impede Integration
 - Quality Based Selection (designers)
 - Cost Based Selection (builders)



Solutions

- Need a Champion
- Need to Build Culture within Public Agency
 - British Railroad
 - NASA
- Evaluate Procurement Opportunities
 - What Can You Do With Existing Systems?
 - Creative Use of Alternatives
 - Design/Build, PPP, Best Value, CM@ Risk
 - Cost Based Compensation
- Educate, Train and Coach

